

Reserve Analysis Report

Bankers Hill HOA

3568 Front St
San Diego, CA

Level I Study with Site Inspection

Fiscal Year End Date: May 31, 2020



MCCAFFERY
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15 YEARS-10,000 STUDIES

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Sections of This Report

Section

1 Preface

Written description of a reserve study and the figures in the report

Includes glossary, preparer qualifications, and calculation description

2-7 Executive Summary

Summarizes key findings of the report. Includes development description and lists the projected balance and percent funded. Summarizes the funding plans

Includes category breakdown pie chart

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Describes percent funded calculation and funding levels

Includes current percent funded chart and 30 year percent funded projection chart

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Includes table and chart of percent funded for various levels of funding over the next 15 years

3 Component Summary & Component Significance

Lists all components included in the study in table form

Shows Depreciation and Fully Funded Balance Significance including quick glance graph

These figures are the basis for all other calculations in the study

4 Annual Expenses by Component

Lists all projected expenses for each component over the next 30 years in table form

5 Component Details

Lists details of each individual component

Includes notes and pictures of selected components if site inspection was conducted

6 Assessment and Reserve Funding Disclosure Summary

Form that is required to be sent out with annual budget package by California Civil Code

Preface

A reserve study is a detailed report that assists common interest developments (CID) in planning for long-term common area repair and replacement expenses. These common areas differ for every development. They can include streets, roofs, recreational facilities and many other items. A reserve study estimates the costs of common area repairs and replacements over a 30 year period. Each component is given a useful life, remaining life, and estimated cost. A reserve study then calculates the funds necessary to cover these expenses by creating funding plans.

The Big Picture - What are the significant figures to look at in the report?

- **The Component List** – What are our reserve components and when will they need maintenance

Every reserve study must start with a list of the components. The component summary contains the list of all the components, their useful and remaining lives, and their estimated costs. These numbers are the building blocks for most of the figures in the study.

- **Percent Funded** - What is our current financial standing

Probably the most important number in a reserve study is percent funded. It's almost like a credit score for an association. It tells them the current strength of their reserve fund.

Over 70% = Well Funded Between 30-70% = Fairly Funded Below 30% = Poorly Funded

The lower your percent funded the higher the risk of a special assessment. A low percent funded also increases the likelihood of deferred maintenance which can cause declining property values.

- **Funding Plans** - How much do we need to save for the future

The next important part of the study is the theoretical 30 year funding plans. The study contains 3 funding plans. It projects what the percent funded will be over the next 30 years if the CID follows each of these plans.

Current Funding Plan – This plan is based on what the association is currently contributing to its reserve fund. This information is supplied by the board or management

Recommended Funding Plan – This is McCaffery's recommendation, if a CID follows the recommended plan they should end up well funded and near the 100% funded level.

5% Threshold Funding Plan - The threshold funding plan is a 30 year cash flow plan that calculates the minimum amount a CID should contribute so their reserve balance won't fall below 5% funded and cause the need for a special assessment. The percent funded will at some point fall into poorly funded levels but will never drop below 5%. If a CID has a funding plan that is below this threshold plan they should also plan on a future special assessment and/or a deferred maintenance. (Following this plan does carry higher risk of a special assessment if a component fails early or costs more than expected)

Why Should a Reserve Study be performed?

Certain states, such as California, require that reserve studies be completed and updated annually and that the board of directors inform owners of the reserve status with their annual budget. In addition, the board of directors of a common interest development (CID) has a legal and fiduciary duty to maintain the community in a good state of repair. Property Values are directly affected by the level of maintenance and upkeep of the common area components. Reserve studies create a maintenance plan, which keeps a development in good condition, therefore increasing property appreciation and value. The amount of funds in the reserve account also greatly affects property values. Reserve studies inform CID's how much they should have in their reserve account, which eliminates costly special assessments. Over time each member of a CID should contribute their fair share to the reserve account so when expenses arise the required funds are available. Reserve Studies help board members fulfill their fiduciary duty and also help avoid litigation against an association.

Where do Component Repair/Replacement Cost Estimates Come From?

The most accurate cost source is actual bids from contractors or to look at contracts from when the repair/replacement was last performed. In most cases bids or contracts are not available so unit costs for similar work done in the same local area are used. In addition, it is helpful to talk to local vendors who have knowledge of the work and can help with a cost estimate. A third source is to use construction cost estimators such as RS Means. Many times the entire quantity of a component will not need to be replaced or repaired all at once. An example of this is concrete sidewalks. All sidewalks should never have to be replaced, but some sections may experience cracking. In this case an allowance can be created for their partial replacement.

The cost source number for each component is provided in the component summary and details. An explanation of each follows:

1. **Local Historical Cost** – Cost based on bids for similar work done in same area.
2. **McCaffery Estimate** – Estimate or Allowance made by McCaffery Staff Member.
3. **Board/Manager Direction** – Cost estimate provided by board member or property manager.
4. **Bid/Contract** – Bid came from actual bid or contract.
5. **Cost Manual** – Cost came from estimating manual.
6. **Previous Study** – Cost came from previous reserve study.

Glossary of Terms:

Contingency – An allowance for miscellaneous components, unpredictable expenses and/or costs that were higher than expected. (5% of total current cost unless directed otherwise)

Current Budgeted Reserve Assessment – Amount currently being deposited into reserve account. Provided by Property Manager or Board Member.

Depreciation This Year – Amount that should be saved for component during current year. Provided for each component and summed for all components. If the association is 100% funded this is the amount they should contribute to the reserve fund annually.
$$= (\text{Total Current Cost} / \text{Normal Useful Life})$$

Depreciation Percent – A components percentage of the total depreciation of all components.
$$= (\text{Component Depreciation} / \text{Total Depreciation of all components})$$

Fully Funded Balance – The total depreciation over the life of the component. In other words, the amount that should have been saved during the life of the component. Provided for each component and summed for all components
$$= ((\text{Useful Life} - \text{Remaining Life}) * \text{Depreciation This Year})$$

Full Funded Balance Percent – A component's percentage of the total fully funded balance of all components.
$$= (\text{Component FFB} / \text{Total FFB of all Components})$$

Monthly Contribution – The amount that should be allocated to each component using the recommended funding plan.
$$= ((\text{Component Depreciation} / \text{Total Depreciation}) * \text{Recommended Monthly Funding})$$

Life Remaining Percent – The percentage of life that a component has remaining
$$= (\text{Remaining Live} / \text{Useful Life})$$

Normal Useful Life – Typical useable life for a component.

Percent Funded – The percentage of the fully funded balance that the CID has in reserve fund.
$$= (\text{Projected Balance} / \text{Fully Funded Balance})$$

Projected Balance – Projected balance at fiscal year end with current funding plan. Calculated using current reserve balance, remaining contributions to reserves before year-end, and planned expenses before year-end. Supplied by board or management.

Recommended Reserve Contribution – Recommended amount that the CID should allocate into reserves to offset future expenses.

Remaining Life – Expected remaining useable life of component. (0 year remaining life means the component will be serviced in the upcoming fiscal year)

Replacement Year – Year that component is projected to be replaced or repaired.

Total Cost – Total cost to replace or repair component in today's dollars. $=(\text{Quantity} \times \text{Unit Cost})$

Total Future Cost - Current cost adjusted to future cost taking into account inflation and replacement year. $=(\text{Current Cost} * (1 + \text{inflation rate})^{(\text{Replacement Year} - \text{Present Year})})$

Threshold Reserve Contribution – Reserve contribution that should be allocated into reserves to keep reserve balance above a minimum amount during the next 30 years. (Minimum amount is 5% funded unless otherwise noted)

Under Funded – Amount association is short of fully funded balance; also known as a deficit. $=(\text{Fully Funded Balance} - \text{Projected Balance})$

Unit Cost – Cost per Unit.

Unit of Measure – Unit used to measure component. (Explanations shown below)

SF – Square Feet

SY – Square Yard

LF – Linear Feet

Each – Per Single Unit

Lump Sum - Total cost for component

Allowance – Allowance for component repair or replacement

Contract – Cost obtained from actual contract or bid

Useful Life – Time in years component is expected to last.

What Procedures were used for calculation and establishment of reserves?

In this study the fully funded reserve balance for a component at a given time was computed using the component method. Using the component method the fully funded reserve balance equals 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.

For example if the cost of a boiler is \$10,000, the useful life is 10 years and the remaining life is 3 years. The recommended reserve balance would be:

$$\$10,000 \times ((10-3)/10) = \$7,000.$$

Preparer Qualifications

Brian McCaffery, President and founder of McCaffery Reserve Consulting, earned his Bachelor of Science Degree in Architectural Engineering from the University of Colorado in Boulder. His degree program included coursework in Building Exterior, Lighting, Electrical Systems, Heating Ventilating and Air Conditioning, Concrete and Steel Design, Civil Engineering, Structural Engineering, and Estimating. He has worked in the Building Construction/Architectural Engineering industry for 11 years and has been performing reserve studies for the past 9 years. During his professional career, Brian has worked for multiple companies that perform reserve studies. He has performed over 3,000 reserve studies throughout the state of California and the United States. Brian is a certified Reserve Specialist, designated by the Community Associations Institute (CAI). The Reserve Specialist designation is awarded to experienced, qualified reserve specialists, who through years of specialized experience, can help ensure that your community association prepares its reserve budget as accurately as possible. Brian also has a permit to perform reserve studies in the state of Nevada (Reserve study permit #9).

McCaffery understands that most homeowners, board members, and property managers can have a difficult time understanding all the numbers in a reserve study. That is why we make it a priority to make our report easy for anyone to understand. The layout of this report is set up with graphs, explanations and figures to make it easy to follow. If you read though the full report you should have a good understanding of the numbers and calculations. We strive to make sure our studies are second to none in the industry. The important figures are summarized in the executive summary and the supporting graphs and figures give a full explanation of how the findings were derived. Further descriptions are provided in the descriptions section.

For more useful information on reserve studies please visit:

www.mccafferyreserveconsulting.com

For a quick video that highlights the main sections please see:

<http://www.mccafferyreserveconsulting.com/sample-reserve-study>

Or scan QR code below with a smart phone



One Page Description of how we come up with the Numbers in this Report

The numbers in this report start with the components listed in the component summary.

1. Every component is given a useful life, remaining life, and an estimated cost

We will use a boiler as an example. This boiler is expected to last 10 years and has been in use for 7 years. The estimated cost is \$10,000.

Component	Useful Life	Remaining Life	Cost
Boiler	10	3	\$10,000

2. The fully funded balance is calculated

Fully Funded Balance = (Useful life-Remaining Life)/Useful Life * Cost

$$(10-3)/10 * \$10,000 = \$7,000$$

The fully funded balance is then summed for all components and this is the total fully funded balance for the development.

3. Fully Funded Balance is then compared to the actual projected year-end balance that the development has saved for reserves

This is called the percent funded. For our example let's say the development had \$5,000 saved for their boiler. Their percent funded would be:

$$\text{Percent Funded} = \text{Projected Year End Reserve Balance} / \text{Fully Funded Balance}$$
$$\$5,000 / \$7,000 = 71\%$$

4. Next expenses are projected for each component for the next 30 years using the useful and remaining lives

This information is shown in the annual expenses by component section. Inflation is included in these figures.

5. Using the projected expenses for the next 30 years the funding plans are created

Funding plans are created so that the development has enough money to offset their projected expenses for the next 30 years.

We try to create funding plans that have a uniform contribution over a 30 year period with a slight increase over time for inflation.

Executive Summary

Bankers Hill HOA

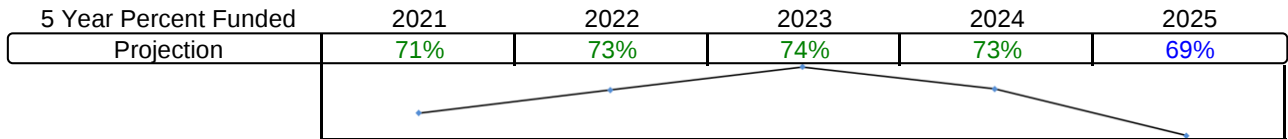
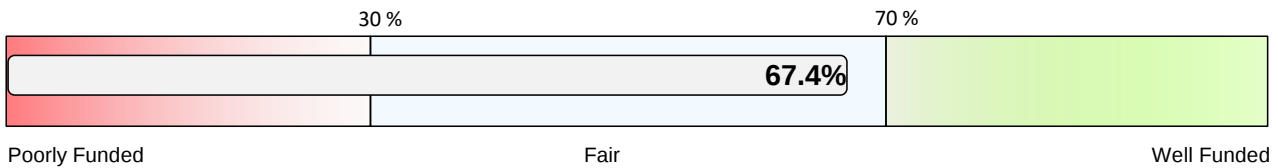
This is a Homeowners Association with 6 Condominium Units.

The common area components include: fencing, mailboxes, and building exterior.

A Full Study with an on-site inspection was performed on December 11th, 2019

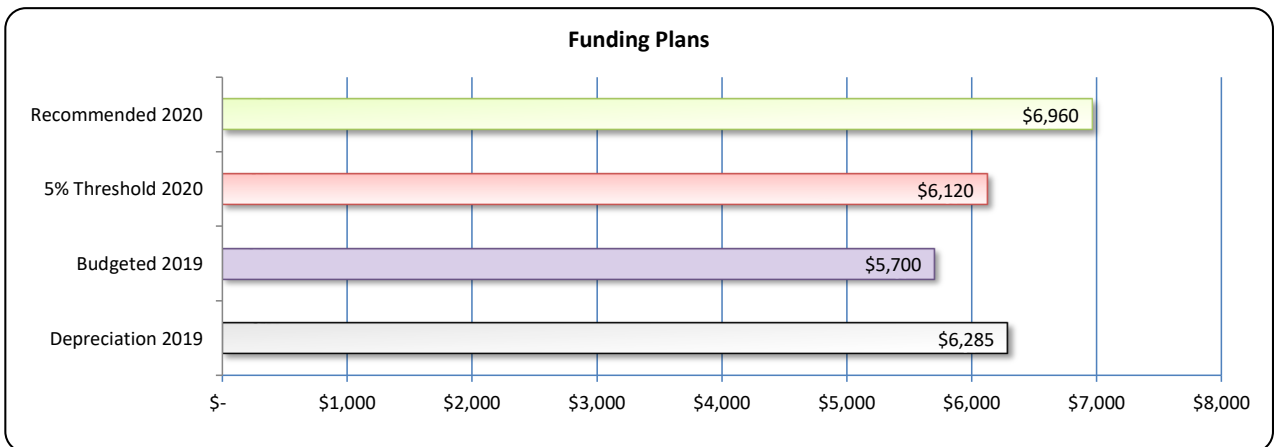
Reserve Fund Balance at Fiscal Year End

Fully Funded Reserve Balance	\$	26,989
Projected Balance May 31, 2020	\$	18,185
Under Funded (Deficiency in Reserve Funding)	\$	8,804
Deficiency in Reserve Funding Per Unit	\$	1,467.25
Percent Funded		67.4%



Funding Plans

	Annually	Monthly	Per Unit Monthly
Depreciation of Components in 2019	\$ 6,285	\$ 524	\$ 87.29
Budgeted Reserve Contribution 2019	\$ 5,700	\$ 475	\$ 79.17
5% Threshold Reserve Contribution for 2020	\$ 6,120	\$ 510	\$ 85.00
Recommended Reserve Contribution for 2020	\$ 6,960	\$ 580	\$ 96.67



Percent Funded

Percent Funded is probably the most important number in a reserve study

Your current percent funded is:

Year End Balance	\$	18,185	=
Fully Funded Balance	\$	26,989	

67%

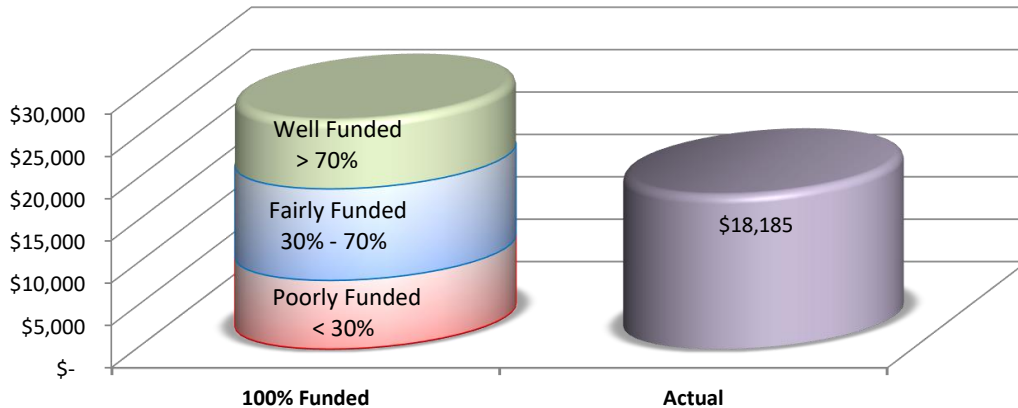
Above 70% = Well Funded

Between 30% and 70% = Fairly Funded

Below 30% = Poorly Funded

The higher your percent funded, the lower the risk of special assessments and deferred maintenance.

Current Percent Funded



If you follow one of the 3 funding plans in this reserve study this is what your percent funded may look like over the next 30 years. Anytime the Current line drops below 0% a special assessment is likely.

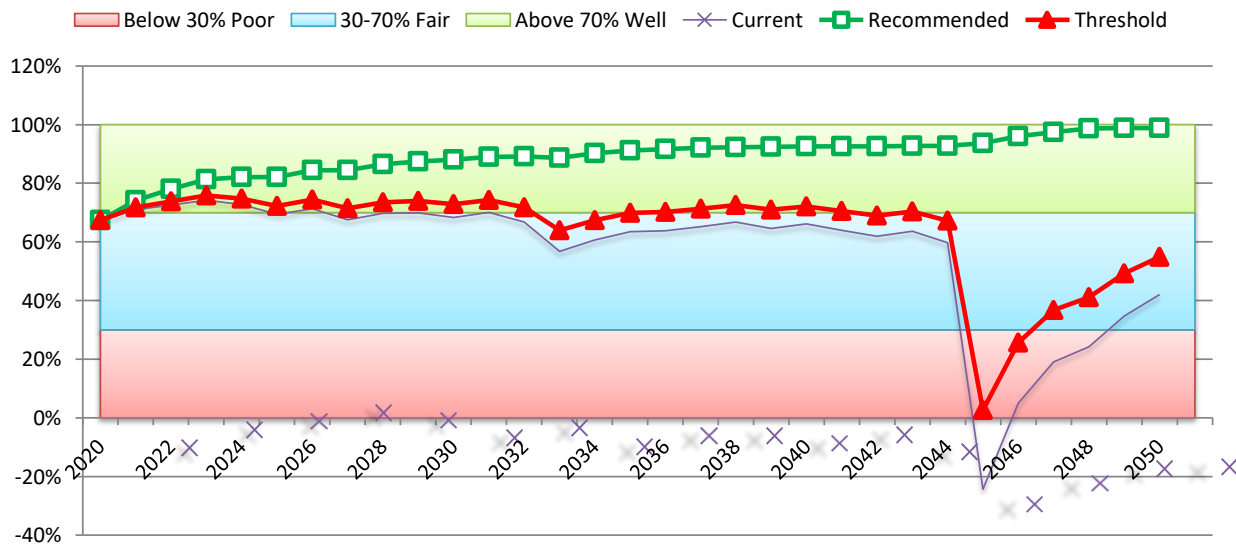
Current Reserve Contribution 2019

5% Threshold Reserve Contribution for 2020

Recommended Reserve Contribution for 2020

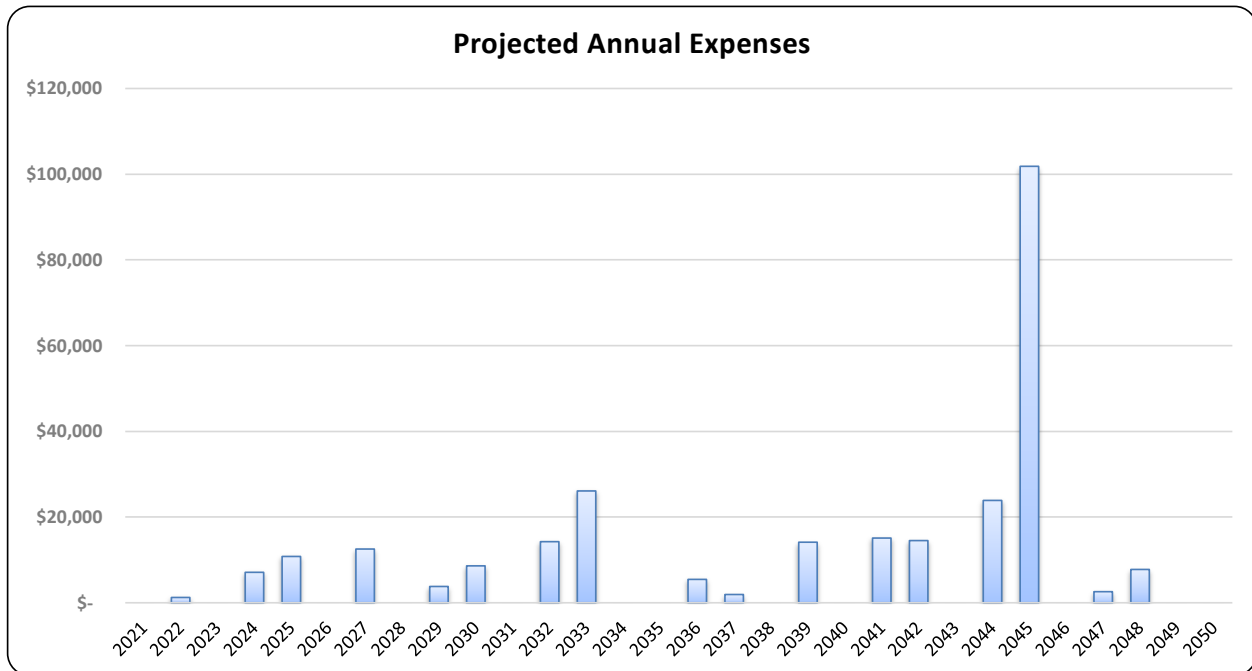
	Annually	Monthly	Per Unit Monthly
Current Reserve Contribution 2019	\$ 5,700	\$ 475	\$ 79.17
5% Threshold Reserve Contribution for 2020	\$ 6,120	\$ 510	\$ 85.00
Recommended Reserve Contribution for 2020	\$ 6,960	\$ 580	\$ 96.67

Percent Funded 30 Year Projection

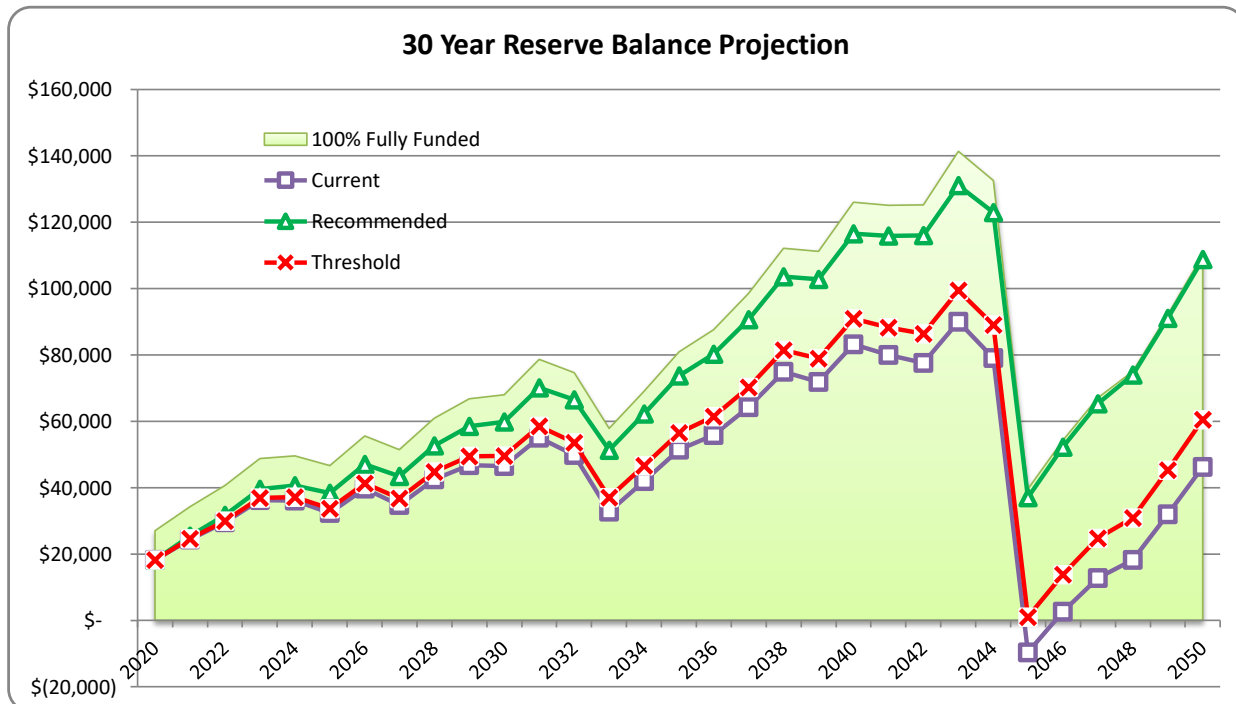


30 Year Projections

Reserve expenses will vary from year to year. A reserve study predicts these expenses and offsets them by creating a uniform funding plan that increases slightly over time to keep up with inflation.



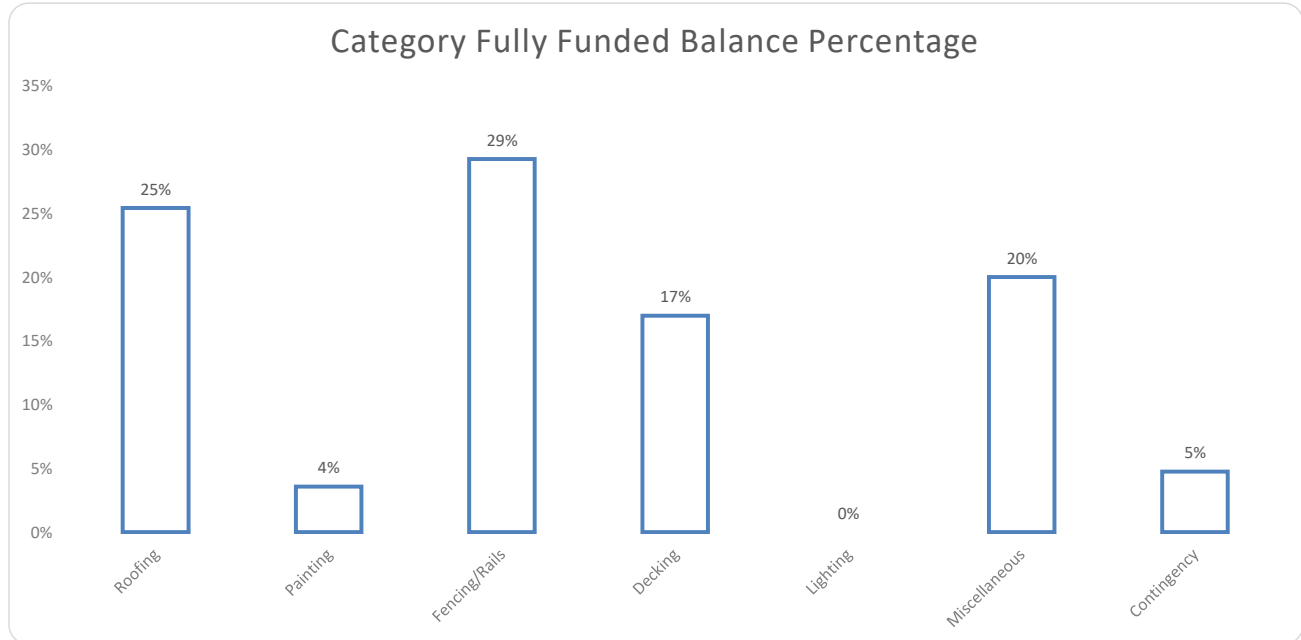
The green 100% funded shaded area shows the ideal balance over the next 30 years. It increases over time due to inflation and depreciation of your components. The 100% funded area will drop after years with large expenses. The recommend funding plan will keep you well funded. The threshold plan will approach \$0 dollars, following this plan has a higher risk of special assessments or deferred maintenance.



Category Significance

This chart breaks down the total fully funded balance for each category

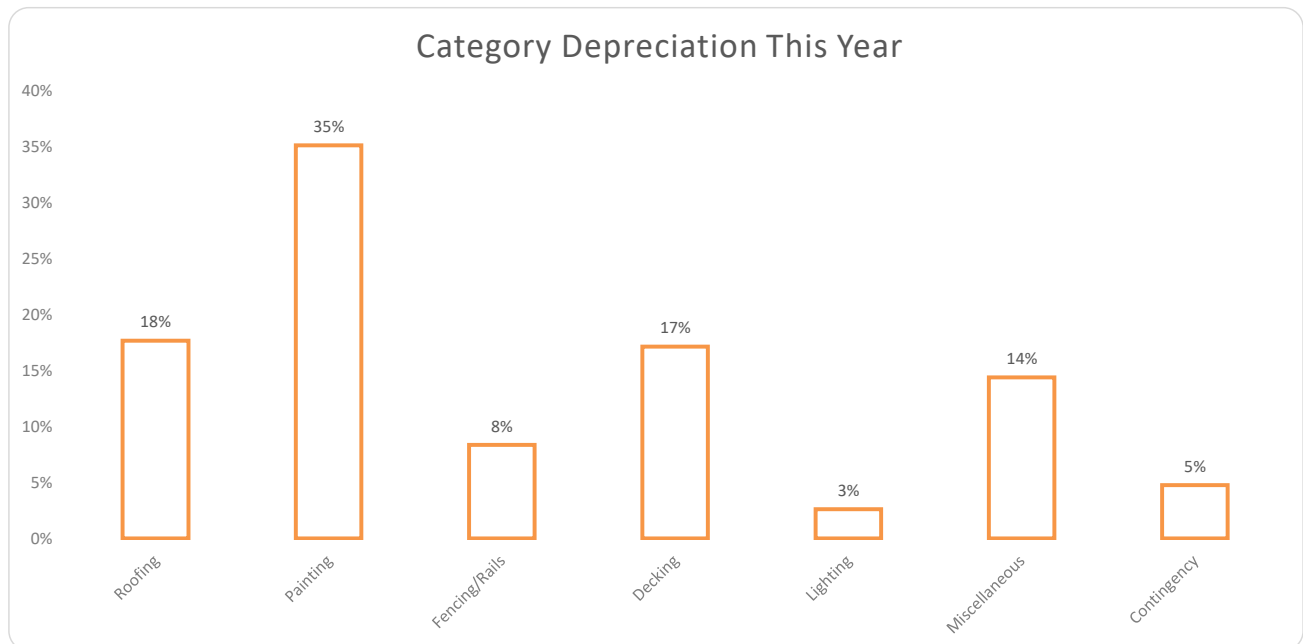
Roofing	Fully Funded Balance	\$ 6,860	=	25%
Total	Fully Funded Balance	\$ 26,989		



This chart breaks down the total annual depreciation for each category

Roofing	Annual Depreciation	\$ 1,110	=	18%
Total	Annual Depreciation	\$ 6,285		

This chart may differ from the chart above because it does not account for remaining life



Theoretical 30 Year Funding Plans

Bankers Hill HOA

Above 70% = Well Funded
 Between 30% and 70% = Fairly Funded
 Below 30% = Poorly Funded
(Low Risk of Special Assessment)
 (Higher Risk of Special Assessment)

Before Tax Interest Rate	1.5%
Annual Inflation Rate	3.0%
Annual Funding Increase	3.0%

Year End	Annual Expenses	Fully Funded Balance	Current Funding Plan			Recommended Funding Plan			5% Threshold Funding Plan		
			Contribution	Balance	% Funded	Contribution	Balance	% Funded	Contribution	Balance	% Funded
2020	\$ -	\$ 26,989	\$ 5,700	\$ 18,185	67%	\$ -	\$ 18,185	67%	\$ -	\$ 18,185	67%
2021	\$ -	\$ 34,272	\$ 5,871	\$ 24,329	71%	\$ 6,960	\$ 25,418	74%	\$ 6,120	\$ 24,578	72%
2022	\$ 1,236	\$ 40,631	\$ 6,047	\$ 29,505	73%	\$ 7,169	\$ 31,732	78%	\$ 6,304	\$ 30,014	74%
2023	\$ -	\$ 48,718	\$ 6,229	\$ 36,176	74%	\$ 7,384	\$ 39,592	81%	\$ 6,493	\$ 36,957	76%
2024	\$ 7,103	\$ 49,572	\$ 6,415	\$ 36,031	73%	\$ 7,605	\$ 40,688	82%	\$ 6,687	\$ 37,096	75%
2025	\$ 10,805	\$ 46,660	\$ 6,608	\$ 32,375	69%	\$ 7,834	\$ 38,327	82%	\$ 6,888	\$ 33,736	72%
2026	\$ -	\$ 55,565	\$ 6,806	\$ 39,666	71%	\$ 8,069	\$ 46,971	85%	\$ 7,095	\$ 41,337	74%
2027	\$ 12,538	\$ 51,403	\$ 7,010	\$ 34,734	68%	\$ 8,311	\$ 43,448	85%	\$ 7,308	\$ 36,727	71%
2028	\$ -	\$ 60,907	\$ 7,221	\$ 42,476	70%	\$ 8,560	\$ 52,660	86%	\$ 7,527	\$ 44,804	74%
2029	\$ 3,800	\$ 66,824	\$ 7,437	\$ 46,750	70%	\$ 8,817	\$ 58,466	87%	\$ 7,753	\$ 49,429	74%
2030	\$ 8,612	\$ 67,963	\$ 7,660	\$ 46,500	68%	\$ 9,081	\$ 59,813	88%	\$ 7,985	\$ 49,544	73%
2031	\$ -	\$ 78,702	\$ 7,890	\$ 55,087	70%	\$ 9,354	\$ 70,064	89%	\$ 8,225	\$ 58,512	74%
2032	\$ 14,258	\$ 74,604	\$ 8,127	\$ 49,783	67%	\$ 9,634	\$ 66,491	89%	\$ 8,472	\$ 53,603	72%
2033	\$ 26,091	\$ 57,855	\$ 8,371	\$ 32,809	57%	\$ 9,923	\$ 51,321	89%	\$ 8,726	\$ 37,042	64%
2034	\$ -	\$ 69,097	\$ 8,622	\$ 41,923	61%	\$ 10,221	\$ 62,311	90%	\$ 8,987	\$ 46,585	67%
2035	\$ -	\$ 80,962	\$ 8,880	\$ 51,432	64%	\$ 10,528	\$ 73,774	91%	\$ 9,257	\$ 56,541	70%
2036	\$ 5,453	\$ 87,580	\$ 9,147	\$ 55,898	64%	\$ 10,843	\$ 80,271	92%	\$ 9,535	\$ 61,471	70%
2037	\$ 1,926	\$ 98,513	\$ 9,421	\$ 64,232	65%	\$ 11,169	\$ 90,718	92%	\$ 9,821	\$ 70,288	71%
2038	\$ -	\$ 112,169	\$ 9,704	\$ 74,899	67%	\$ 11,504	\$ 103,583	92%	\$ 10,115	\$ 81,458	73%
2039	\$ 14,130	\$ 111,273	\$ 9,995	\$ 71,887	65%	\$ 11,849	\$ 102,855	92%	\$ 10,419	\$ 78,968	71%
2040	\$ -	\$ 125,963	\$ 10,295	\$ 83,260	66%	\$ 12,204	\$ 116,602	93%	\$ 10,731	\$ 90,884	72%
2041	\$ 15,099	\$ 125,105	\$ 10,604	\$ 80,014	64%	\$ 12,571	\$ 115,823	93%	\$ 11,053	\$ 88,202	71%
2042	\$ 14,510	\$ 125,208	\$ 10,922	\$ 77,626	62%	\$ 12,948	\$ 115,998	93%	\$ 11,385	\$ 86,399	69%
2043	\$ -	\$ 141,369	\$ 11,249	\$ 90,039	64%	\$ 13,336	\$ 131,074	93%	\$ 11,727	\$ 99,422	70%
2044	\$ 23,880	\$ 132,560	\$ 11,587	\$ 79,097	60%	\$ 13,736	\$ 122,895	93%	\$ 12,078	\$ 89,111	67%
2045	\$ 101,843	\$ 39,553	\$ 11,935	\$ (9,625)	-24%	\$ 14,148	\$ 37,044	94%	\$ 12,441	\$ 1,046	3%
2046	\$ -	\$ 54,294	\$ 12,293	\$ 2,667	5%	\$ 14,573	\$ 52,173	96%	\$ 12,814	\$ 13,875	26%
2047	\$ 2,588	\$ 67,086	\$ 12,661	\$ 12,781	19%	\$ 15,010	\$ 65,377	97%	\$ 13,198	\$ 24,694	37%
2048	\$ 7,775	\$ 75,070	\$ 13,041	\$ 18,239	24%	\$ 15,460	\$ 74,043	99%	\$ 13,594	\$ 30,884	41%
2049	\$ -	\$ 92,134	\$ 13,432	\$ 31,945	35%	\$ 15,924	\$ 91,078	99%	\$ 14,002	\$ 45,349	49%
2050	\$ -	\$ 110,154	\$ 13,835	\$ 46,259	42%	\$ 16,402	\$ 108,846	99%	\$ 14,422	\$ 60,452	55%

Note: All future projections are theoretical. The estimated lives and costs of components will likely change over time depending on factors such as inflation rates and levels of maintenance. Reserve analysis should be performed annually to account for these factors.

Future Percent Funded

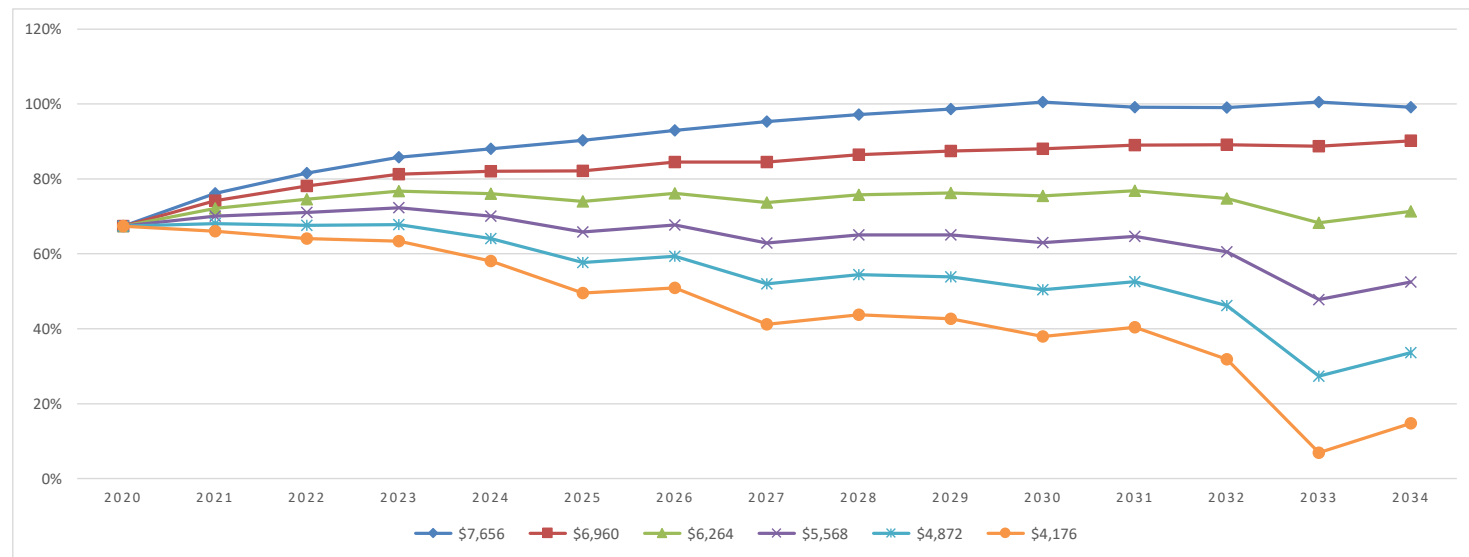
This table and chart shows where your percent funded will be over the next 15 years starting with different levels of funding. Keep in mind all figures assume a 3% annual increase in funding to keep up with inflation.

Above 70% = Well Funded
(Low Risk of Special Assessment)

Between 30% and 70% = Fairly Funded

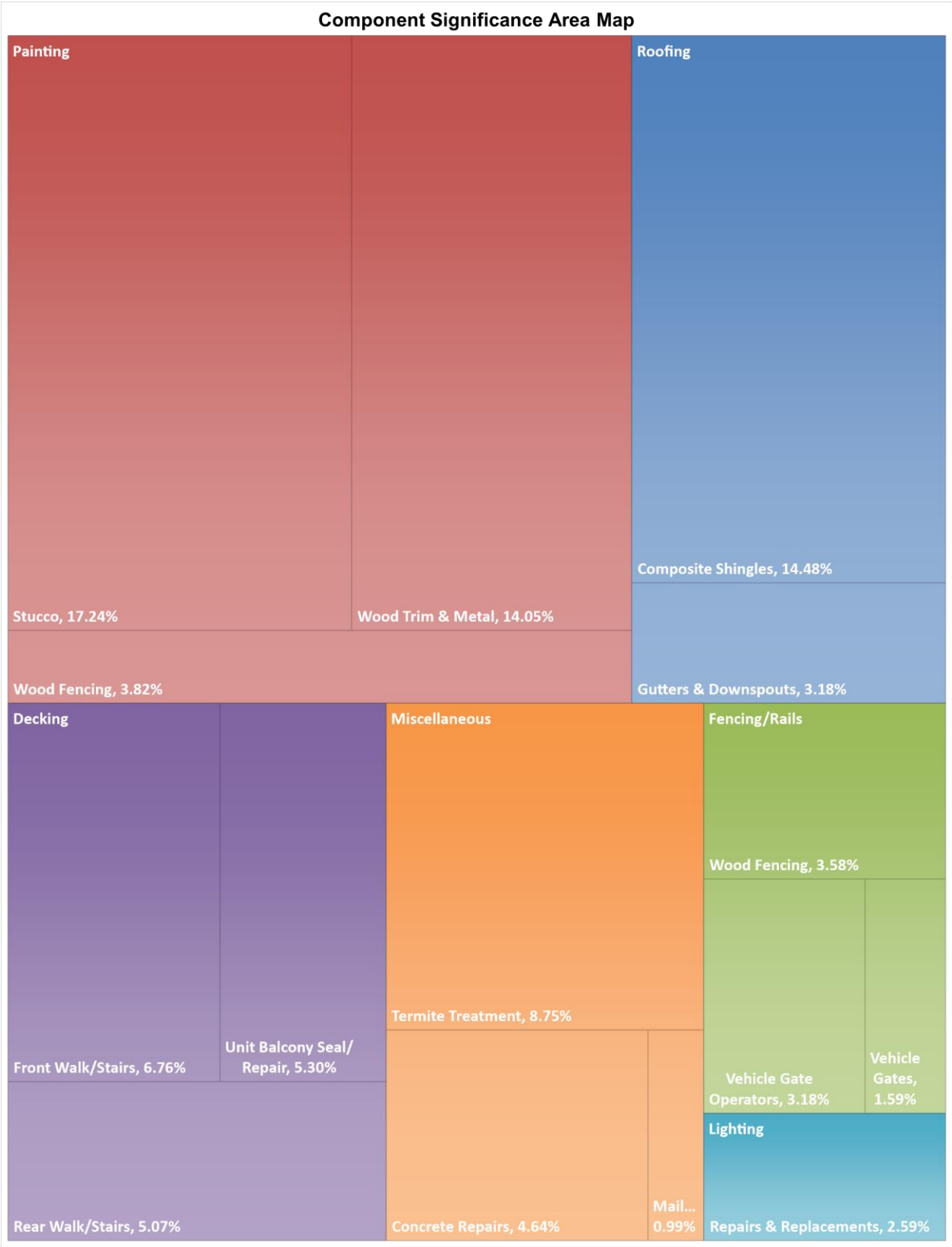
Below 30% = Poorly Funded
(Higher Risk of Special Assessment)

Funding Plan	Reserve Contribution 2021	Percent Funded														
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
110% Recommended	\$ 7,656	67%	76%	82%	86%	88%	90%	93%	95%	97%	99%	101%	99%	99%	101%	99%
Recommended	\$ 6,960	67%	74%	78%	81%	82%	82%	85%	85%	86%	87%	88%	89%	89%	89%	90%
90% Recommended	\$ 6,264	67%	72%	75%	77%	76%	74%	76%	74%	76%	76%	75%	77%	75%	68%	71%
80% Recommended	\$ 5,568	67%	70%	71%	72%	70%	66%	68%	63%	65%	65%	63%	65%	60%	48%	52%
70% Recommended	\$ 4,872	67%	68%	68%	68%	64%	58%	59%	52%	54%	54%	50%	53%	46%	27%	34%
60% Recommended	\$ 4,176	67%	66%	64%	63%	58%	50%	51%	41%	44%	43%	38%	40%	32%	7%	15%



Note: All future projections are theoretical. The estimated lives and costs of components will likely change over time depending on factors such as inflation rates and levels of maintenance. Reserve analysis should be performed annually to account for these factors.

Components are mapped below according to their percent of the total annual depreciation and are color coated by category



Component Summary
Bankers Hill HOA

Category Component	Approx. Quantity	Unit of Measure	Useful Life	Remaining Life	Unit Cost	Total Cost	Cost Source
Roofing							
Composite Shingles	4550	SF	30	24	\$ 6.00	\$ 27,300	1
Gutters & Downspouts	1	Allowance	15	8	\$ 3,000	\$ 3,000	1
						\$ 30,300	
Painting							
Stucco	1	Allowance	12	12	\$ 13,000	\$ 13,000	1
Wood Trim & Metal	1	Allowance	6	6	\$ 5,300	\$ 5,300	1
Wood Fencing	150	LF	5	1	\$ 8.00	\$ 1,200	1
						\$ 19,500	
Fencing/Rails							
Wood Fencing	150	LF	20	4	\$ 30.00	\$ 4,500	1
Vehicle Gates	1	Each	25	6	\$ 2,500	\$ 2,500	1
Vehicle Gate Operators	1	Each	15	3	\$ 3,000	\$ 3,000	1
						\$ 10,000	
Decking							
Unit Balcony Seal/Repair	1	Allowance	12	11	\$ 4,000	\$ 4,000	1
Front Walk/Stairs	1	Allowance	12	11	\$ 5,100	\$ 5,100	1
Rear Walk/Stairs	1	Allowance	16	4	\$ 5,100	\$ 5,100	1
						\$ 14,200	
Lighting							
Repairs & Replacements	1	Allowance	20	20	\$ 3,260	\$ 3,260	1
						\$ 3,260	
Miscellaneous							
Mailboxes	1	Each	24	6	\$ 1,500	\$ 1,500	1
Termite Treatment	1	Each	12	9	\$ 6,600	\$ 6,600	1
Concrete Repairs	1	Allowance	12	3	\$ 3,500	\$ 3,500	1
						\$ 11,600	
Contingency							
5%							1

TOTALS**\$ 88,860**

Notes: Any other items not listed are included in operating budget.

Component Significance

This table makes it easy to see what components are the most significant

Category Component	Fully Funded Balance				Depreciation This Year			Monthly Contribution
	\$ Amount	%	Quick Glance Graph	\$ Amount	%	Quick Glance Graph		
Roofing								
Composite Shingles	\$ 5,460	20.23%		\$ 910	14.48%		\$ 83.97	
Gutters & Downspouts	\$ 1,400	5.19%		\$ 200	3.18%		\$ 18.46	
	\$ 6,860	25.42%		\$ 1,110	17.66%		\$ 102.43	
Painting								
Stucco	\$ -	0.00%		\$ 1,083	17.24%		\$ 99.97	
Wood Trim & Metal	\$ -	0.00%		\$ 883	14.05%		\$ 81.51	
Wood Fencing	\$ 960	3.56%		\$ 240	3.82%		\$ 22.15	
	\$ 960	3.56%		\$ 2,207	35.11%		\$ 203.63	
Fencing/Rails								
Wood Fencing	\$ 3,600	13.34%		\$ 225	3.58%		\$ 20.76	
Vehicle Gates	\$ 1,900	7.04%		\$ 100	1.59%		\$ 9.23	
Vehicle Gate Operators	\$ 2,400	8.89%		\$ 200	3.18%		\$ 18.46	
	\$ 7,900	29.27%		\$ 525	8.35%		\$ 48.45	
Decking								
Unit Balcony Seal/Repair	\$ 333	1.24%		\$ 333	5.30%		\$ 30.76	
Front Walk/Stairs	\$ 425	1.57%		\$ 425	6.76%		\$ 39.22	
Rear Walk/Stairs	\$ 3,825	14.17%		\$ 319	5.07%		\$ 29.41	
	\$ 4,583	16.98%		\$ 1,077	17.14%		\$ 99.39	
Lighting								
Repairs & Replacements	\$ -	0.00%		\$ 163	2.59%		\$ 15.04	
	\$ -	0.00%		\$ 163	2.59%		\$ 15.04	
Miscellaneous								
Mailboxes	\$ 1,125	4.17%		\$ 63	0.99%		\$ 5.77	
Termite Treatment	\$ 1,650	6.11%		\$ 550	8.75%		\$ 50.75	
Concrete Repairs	\$ 2,625	9.73%		\$ 292	4.64%		\$ 26.92	
	\$ 5,400	20.01%		\$ 904	14.39%		\$ 83.44	
Contingency								
5%	\$ 1,285	4.76%		\$ 299	4.76%		\$ 27.62	
	\$ 26,989	100.00%	100%	\$ 6,285	100%	100%	\$ 580	

Annual Expenses by Component

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Roofing										
Composite Shingles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gutters & Downspouts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,800	\$ -
Painting										
Stucco	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wood Trim & Metal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,328	\$ -	\$ -	\$ -
Wood Fencing	\$ -	\$ 1,236	\$ -	\$ -	\$ -	\$ -	1,433	\$ -	\$ -	\$ -
Fencing/Rails										
Wood Fencing	\$ -	\$ -	\$ -	\$ -	\$ 5,065	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Gates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,985	\$ -	\$ -	\$ -
Vehicle Gate Operators	\$ -	\$ -	\$ -	\$ 3,278	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Decking										
Unit Balcony Seal/Repair	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Front Walk/Stairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rear Walk/Stairs	\$ -	\$ -	\$ -	\$ -	\$ 5,740	\$ -	\$ -	\$ -	\$ -	\$ -
Lighting										
Repairs & Replacements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous										
Mailboxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,791	\$ -	\$ -	\$ -
Termite Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8,612
Concrete Repairs	\$ -	\$ -	\$ -	\$ 3,825	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ -	\$ -	\$ 1,236	\$ 7,103	\$ 10,805	\$ -	\$ 12,538	\$ -	\$ 3,800	\$ 8,612

Annual Expenses by Component

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Roofing											
Composite Shingles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gutters & Downspouts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Painting											
Stucco	\$ -	\$ -	\$ 18,535	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wood Trim & Metal	\$ -	\$ -	\$ 7,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,023	\$ -	\$ -
Wood Fencing	\$ -	\$ 1,661	\$ -	\$ -	\$ -	\$ -	\$ 1,926	\$ -	\$ -	\$ -	\$ -
Fencing/Rails											
Wood Fencing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Gates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Gate Operators	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,107	\$ -	\$ -
Decking											
Unit Balcony Seal/Repair	\$ -	\$ 5,537	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Front Walk/Stairs	\$ -	\$ 7,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rear Walk/Stairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,211
Lighting											
Repairs & Replacements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,888
Miscellaneous											
Mailboxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Termite Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Concrete Repairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,453	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ -	\$ 14,258	\$ 26,091	\$ -	\$ -	\$ 5,453	\$ 1,926	\$ -	\$ 14,130	\$ -	\$ 15,099

Annual Expenses by Component

	2042	2043	2044	2045	2046	2047	2048	2049	2050
Roofing									
Composite Shingles	\$ -	\$ -	\$ -	\$ 55,495	\$ -	\$ -	\$ -	\$ -	\$ -
Gutters & Downspouts	\$ -	\$ -	\$ 5,921	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Painting									
Stucco	\$ -	\$ -	\$ -	\$ 26,426	\$ -	\$ -	\$ -	\$ -	\$ -
Wood Trim & Metal	\$ -	\$ -	\$ -	\$ 10,774	\$ -	\$ -	\$ -	\$ -	\$ -
Wood Fencing	\$ 2,232	\$ -	\$ -	\$ -	\$ -	\$ 2,588	\$ -	\$ -	\$ -
Fencing/Rails									
Wood Fencing	\$ -	\$ -	\$ -	\$ 9,148	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Gates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Gate Operators	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Decking									
Unit Balcony Seal/Repair	\$ -	\$ -	\$ 7,894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Front Walk/Stairs	\$ -	\$ -	\$ 10,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rear Walk/Stairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lighting									
Repairs & Replacements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous									
Mailboxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Termite Treatment	\$ 12,278	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Concrete Repairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,775	\$ -	\$ -
Totals	\$ 14,510	\$ -	\$ 23,880	\$ 101,843	\$ -	\$ 2,588	\$ 7,775	\$ -	\$ -

Component Details

Roofing

Composite Shingles

Approximate Component Quantity	-	4550	Estimated Current Unit Cost	\$	6.00
Unit of Measure	-	SF	Estimated Total Current Cost	\$	27,300
Normal Useful Life (Years)	-	30	Estimated Total Future Cost	\$	55,495
Estimated Remaining Useful Life (Years)	-	24	Fully Funded Balance	\$	5,460
Estimated Replacement Year	-	2045	Depreciation This Year	\$	910
Cost Source	-	1	Monthly Contribution	\$	83.97
Depreciation Percent	-	14.48%	Fully Funded Balance Percent		20.23%
Life Remaining Percent	-	80%			

Roofing

Gutters & Downspouts

Approximate Component Quantity	-	1	Estimated Current Unit Cost	\$	3,000.00
Unit of Measure	-	Allowance	Estimated Total Current Cost	\$	3,000
Normal Useful Life (Years)	-	15	Estimated Total Future Cost	\$	3,800
Estimated Remaining Useful Life (Years)	-	8	Fully Funded Balance	\$	1,400
Estimated Replacement Year	-	2029	Depreciation This Year	\$	200
Cost Source	-	1	Monthly Contribution	\$	18.46
Depreciation Percent	-	3.18%	Fully Funded Balance Percent		5.19%
Life Remaining Percent	-	53%			

Painting

Stucco

Approximate Component Quantity	-	1	Estimated Current Unit Cost	\$	13,000.00
Unit of Measure	-	Allowance	Estimated Total Current Cost	\$	13,000
Normal Useful Life (Years)	-	12	Estimated Total Future Cost	\$	18,535
Estimated Remaining Useful Life (Years)	-	12	Fully Funded Balance	\$	-
Estimated Replacement Year	-	2033	Depreciation This Year	\$	1,083
Cost Source	-	1	Monthly Contribution	\$	99.97
Depreciation Percent	-	17.24%	Fully Funded Balance Percent		0.00%
Life Remaining Percent	-	100%			



Painting

Approximate Component Quantity	-	1
Unit of Measure	-	Allowance
Normal Useful Life (Years)	-	6
Estimated Remaining Useful Life (Years)	-	6
Estimated Replacement Year	-	2027
Cost Source	-	1
Depreciation Percent	-	14.05%
Life Remaining Percent	-	100%

Wood Trim & Metal

Estimated Current Unit Cost	\$	5,300.00
Estimated Total Current Cost	\$	5,300
Estimated Total Future Cost	\$	6,328
Fully Funded Balance	\$	-
Depreciation This Year	\$	883
Monthly Contribution	\$	81.51
Fully Funded Balance Percent		0.00%



Painting

Approximate Component Quantity	-	150
Unit of Measure	-	LF
Normal Useful Life (Years)	-	5
Estimated Remaining Useful Life (Years)	-	1
Estimated Replacement Year	-	2022
Cost Source	-	1
Depreciation Percent	-	3.82%
Life Remaining Percent	-	20%

Wood Fencing

Estimated Current Unit Cost	\$	8.00
Estimated Total Current Cost	\$	1,200
Estimated Total Future Cost	\$	1,236
Fully Funded Balance	\$	960
Depreciation This Year	\$	240
Monthly Contribution	\$	22.15
Fully Funded Balance Percent		3.56%

Fencing/Rails

Approximate Component Quantity	-	150	
Unit of Measure	-	LF	
Normal Useful Life (Years)	-	20	
Estimated Remaining Useful Life (Years)	-	4	
Estimated Replacement Year	-	2025	
Cost Source	-	1	
Depreciation Percent	-	3.58%	
Life Remaining Percent	-	20%	

Wood Fencing

Estimated Current Unit Cost	\$	30.00
Estimated Total Current Cost	\$	4,500
Estimated Total Future Cost	\$	5,065
Fully Funded Balance	\$	3,600
Depreciation This Year	\$	225
Monthly Contribution	\$	20.76
Fully Funded Balance Percent		13.34%

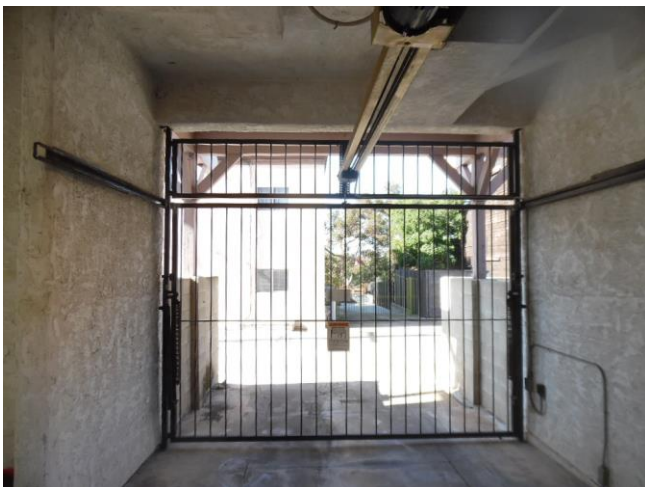


Fencing/Rails

Approximate Component Quantity	-	1	
Unit of Measure	-	Each	
Normal Useful Life (Years)	-	25	
Estimated Remaining Useful Life (Years)	-	6	
Estimated Replacement Year	-	2027	
Cost Source	-	1	
Depreciation Percent	-	1.59%	
Life Remaining Percent	-	24%	

Vehicle Gates

Estimated Current Unit Cost	\$	2,500.00
Estimated Total Current Cost	\$	2,500
Estimated Total Future Cost	\$	2,985
Fully Funded Balance	\$	1,900
Depreciation This Year	\$	100
Monthly Contribution	\$	9.23
Fully Funded Balance Percent		7.04%



Fencing/Rails

Approximate Component Quantity	-	1
Unit of Measure	-	Each
Normal Useful Life (Years)	-	15
Estimated Remaining Useful Life (Years)	-	3
Estimated Replacement Year	-	2024
Cost Source	-	1
Depreciation Percent	-	3.18%
Life Remaining Percent	-	20%

Vehicle Gate Operators

Estimated Current Unit Cost	\$	3,000.00
Estimated Total Current Cost	\$	3,000
Estimated Total Future Cost	\$	3,278
Fully Funded Balance	\$	2,400
Depreciation This Year	\$	200
Monthly Contribution	\$	18.46
Fully Funded Balance Percent		8.89%



Decking

Approximate Component Quantity	-	1
Unit of Measure	-	Allowance
Normal Useful Life (Years)	-	12
Estimated Remaining Useful Life (Years)	-	11
Estimated Replacement Year	-	2032
Cost Source	-	1
Depreciation Percent	-	5.30%
Life Remaining Percent	-	92%

Unit Balcony Seal/Repair

Estimated Current Unit Cost	\$	4,000.00
Estimated Total Current Cost	\$	4,000
Estimated Total Future Cost	\$	5,537
Fully Funded Balance	\$	333
Depreciation This Year	\$	333
Monthly Contribution	\$	30.76
Fully Funded Balance Percent		1.24%

Decking

Front Walk/Stairs

Approximate Component Quantity	- 1	Estimated Current Unit Cost	\$ 5,100.00
Unit of Measure	- Allowance	Estimated Total Current Cost	\$ 5,100
Normal Useful Life (Years)	- 12	Estimated Total Future Cost	\$ 7,060
Estimated Remaining Useful Life (Years)	- 11	Fully Funded Balance	\$ 425
Estimated Replacement Year	- 2032	Depreciation This Year	\$ 425
Cost Source	- 1	Monthly Contribution	\$ 39.22
Depreciation Percent	- 6.76%	Fully Funded Balance Percent	1.57%
Life Remaining Percent	- 92%		



Decking

Rear Walk/Stairs

Approximate Component Quantity	- 1	Estimated Current Unit Cost	\$ 5,100.00
Unit of Measure	- Allowance	Estimated Total Current Cost	\$ 5,100
Normal Useful Life (Years)	- 16	Estimated Total Future Cost	\$ 5,740
Estimated Remaining Useful Life (Years)	- 4	Fully Funded Balance	\$ 3,825
Estimated Replacement Year	- 2025	Depreciation This Year	\$ 319
Cost Source	- 1	Monthly Contribution	\$ 29.41
Depreciation Percent	- 5.07%	Fully Funded Balance Percent	14.17%
Life Remaining Percent	- 25%		

Lighting

Repairs & Replacements

Approximate Component Quantity	- 1	Estimated Current Unit Cost	\$ 3,260.00
Unit of Measure	- Allowance	Estimated Total Current Cost	\$ 3,260
Normal Useful Life (Years)	- 20	Estimated Total Future Cost	\$ 5,888
Estimated Remaining Useful Life (Years)	- 20	Fully Funded Balance	\$ -
Estimated Replacement Year	- 2041	Depreciation This Year	\$ 163
Cost Source	- 1	Monthly Contribution	\$ 15.04
Depreciation Percent	- 2.59%	Fully Funded Balance Percent	0.00%
Life Remaining Percent	- 100%		

Miscellaneous

Approximate Component Quantity	-	1
Unit of Measure	-	Each
Normal Useful Life (Years)	-	24
Estimated Remaining Useful Life (Years)	-	6
Estimated Replacement Year	-	2027
Cost Source	-	1
Depreciation Percent	-	0.99%
Life Remaining Percent	-	25%

Mailboxes

Estimated Current Unit Cost	\$	1,500.00
Estimated Total Current Cost	\$	1,500
Estimated Total Future Cost	\$	1,791
Fully Funded Balance	\$	1,125
Depreciation This Year	\$	63
Monthly Contribution	\$	5.77
Fully Funded Balance Percent		4.17%

**Miscellaneous**

Approximate Component Quantity	-	1
Unit of Measure	-	Each
Normal Useful Life (Years)	-	12
Estimated Remaining Useful Life (Years)	-	9
Estimated Replacement Year	-	2030
Cost Source	-	1
Depreciation Percent	-	8.75%
Life Remaining Percent	-	75%

Termite Treatment

Estimated Current Unit Cost	\$	6,600.00
Estimated Total Current Cost	\$	6,600
Estimated Total Future Cost	\$	8,612
Fully Funded Balance	\$	1,650
Depreciation This Year	\$	550
Monthly Contribution	\$	50.75
Fully Funded Balance Percent		6.11%

Miscellaneous

Approximate Component Quantity	-	1
Unit of Measure	-	Allowance
Normal Useful Life (Years)	-	12
Estimated Remaining Useful Life (Years)	-	3
Estimated Replacement Year	-	2024
Cost Source	-	1
Depreciation Percent	-	4.64%
Life Remaining Percent	-	25%

Concrete Repairs

Estimated Current Unit Cost	\$	3,500.00
Estimated Total Current Cost	\$	3,500
Estimated Total Future Cost	\$	3,825
Fully Funded Balance	\$	2,625
Depreciation This Year	\$	292
Monthly Contribution	\$	26.92
Fully Funded Balance Percent		9.73%

Assessment and Reserve Funding Disclosure Summary
Bankers Hill HOA

(1) The current regular assessment per ownership interest per month is:

\$ 350.00 per month for the year ending 05/31/20

(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: As of 12/12/2019

Date Assessment is Due	Amount per unit	Purpose of Assessment
NA		
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 ☒

Note: This calculation assumes the association will raise their current reserve contribution 3% per year over the next 30 years.

(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?

Increase the monthly reserve contribution by \$ 5.83 per unit

For more detail see attached theoretical 30 year funding plans.

Note: This calculation assumes the association will raise their current reserve contribution 3% per year over the next 30 years.

(5) All major components appropriate for reserve funding 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 of the civil code the estimated amount required in the reserve fund at the end of the current fiscal year is:

\$ 26,989

based in whole or in part on the last reserve study or update prepared by McCaffery Reserve Consulting as of 5/31/2020 the projected reserve fund cash balance at the end of the current fiscal year is: \$ 18,185 resulting in the reserves being 67% 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 projected required amount in reserves, projected reserve fund cash balance and projected percent funded for each of the next 5 years is:

Year	Amt Required	Proj. Balance	% Funded
2021	\$ 34,272	\$ 24,329	71%
2022	\$ 40,631	\$ 29,505	73%
2023	\$ 48,718	\$ 36,176	74%
2024	\$ 49,572	\$ 36,031	73%
2025	\$ 46,660	\$ 32,375	69%

For more detail see attached theoretical 30 year funding plans.

Note: This calculation assumes the association will raise their reserve contribution 3% per year over the next 30 years.

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

1.50%

3.00%

(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 5530. 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.

The Preparer of this form will be indemnified and held harmless against all losses, claims, action, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which has been provided to Preparer by others and relied upon by Preparer which may result from any improper use or reliance on this disclosure.

Disclaimer

This report attempts to determine the estimated remaining useful life of the components that can be visually observed. This report is expressly for the use of the client and only for the purpose of establishing reserve funding requirements. The study is not a guarantee or warranty, or a recommendation to purchase. Estimated remaining useful lives are calculated with reasonable consideration for weather conditions. Natural disasters, including seismic activity will not be addressed in this report. Reserve Funding for earthquake damages and other disasters exceeds the scope of the study. We recommend the development consider additional insurance to cover unforeseen disasters. We assume the components of the association will receive proper maintenance. The report is expressly for the use of the client and only for the purpose of establishing reserve funding requirements.

In providing the opinions of probable construction costs, the client understands that McCaffery Reserve Consulting (MRC) has no control over costs or the price of labor, equipment or materials, or over the contractor's method of pricing, and that the opinions of probable construction costs provided herein are to be made on the basis of MRC's qualifications and experience. MRC makes no warranty, expressed or implied, as to the accuracy of such opinions as compared to bid or actual costs.

Because the reserve study is a projection, the estimated lives and costs of components will likely change over time depending on a variety of factors such as future inflation rates and levels of maintenance applied by future boards, unknown defects in materials that may lead to premature failures, etc. As a result, some components may experience longer lives while others will experience premature failures. Some components may cost less at the time of replacement due to changes in manufacturing methods while others may cost more due to material shortages or high demand. All future projections are therefore theoretical and reserve studies should be updated annually.

MRC has made a reasonable effort to ensure that the report is accurate. This study does not preclude errors resulting from unforeseen conditions or circumstances. The scope of this report is expressly limited to the components described herein. MRC has obtained certain information, documentation and materials from the association agent and the reserve study is based upon the accuracy of such information. Material inaccuracies could adversely effect the reserve study. MRC is not responsible for such inaccuracies. This study is limited to a visual observation. There has been neither destructive testing nor inspection of the interior of private units; floors, wall or ceiling cavities, or structural elements. It is assumed that the components have been constructed per original construction documents and comply with applicable codes. This study is not designed to uncover latent or patent defects. Estimates represent replacement of a component with similar materials unless otherwise noted. Local building codes have not been researched to determine whether or not current ordinances will permit the replacement of any component with components of like material. The estimates do not take into account the abbreviated useful life of a component as a result of its original construction, installation, or design. MRC is not responsible for any claims, demands, or damages arising out of the discovery of asbestos, radon or any environmental claims, demands or damages. We do not assume any liability for damages which may result from this study. We are not responsible for conditions this report fails to disclose. The information contained in this study is deemed reliable as of the date of this study, but is not guaranteed.

The Association, by accepting this study, agrees to release MRC from any claims, demands or damages. The Association, in consideration of MRC performing the reserve study, hereby agrees to indemnify, defend and hold harmless MRC from and against any and all liability, damages, losses, claims, demands, or lawsuits arising out of or relating to this reserve study.

The information contained within the report is assembled in conjunction with the client and is intended to assist the client with its reserve planning. MRC does not guarantee, either explicitly or implied, that all repair and replacement items have been identified, the accuracy of the probable costs or the product lives associated with these items.