# **Reserve Analysis Report**

## **Windemere Court HOA**

3950 Cleveland Ave San Diego, CA 92103

## Level II Study with Site Inspection

Fiscal Year End Date: December 31, 2019





Over 8,000 Reserve Studies Performed

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## 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.

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

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

<u>5% Threshold Funding Plan</u> - 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)

## **Executive Summary**

#### Windemere Court HOA

This is a Homeowners Association with 29 Condominium Units.

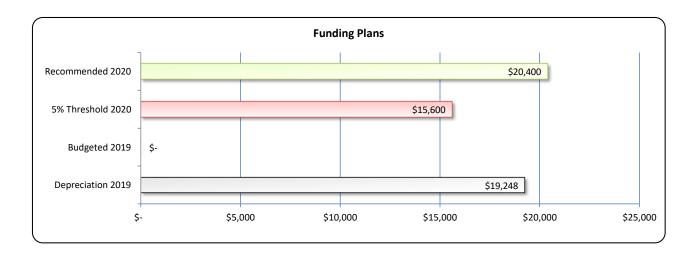
The common area components include: elevator, spa, and building exterior.

A Full Study with an on-site inspection was performed on August 30th, 2019

#### **Reserve Fund Balance at Fiscal Year End**

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Fully Funded Reserve Baland	ce				\$	216,439
Projected Balance	Decembe	er 31, 2019			\$	155,407
Under Funded (Deficiency in	Reserve Fundir	ng)			\$	61,032
Deficiency in Reserve Fundir	ng Per Unit				\$	2,104.57
Percent Funded						71.8%
	30 %		70	)%		
			71.8%	6		
Poorly Funded		Fair				Well Funded
5 Year Percent Funded	2020	2021	2022	2023		2024
Projection	58%	0%	-1%	-7%		-42%
L						
Funding Plans			Annually	Monthly	Per L	Jnit Monthly
Depreciation of Components	in 2019		\$ 10.248	\$ 1.604	¢	55 31

Recommended Reserve Contribution for 2020	dı.	\$ 20,400	\$ 1,700	\$ 58.62
5% Threshold Reserve Contribution for 2020	<u>dı.</u>	\$ 15,600	\$ 1,300	\$ 44.83
Budgeted Reserve Contribution 2019	<u>lılı.</u>	\$ -	\$ -	\$ -
(Depreciation of Components in 2019		\$ 19,248	\$ 1,604	\$ 55.31



#### **Theoretical 30 Year Funding Plans**

Windemere Court 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		Annual	Full	y Funded	Current Funding Plan			Recommended Funding Plan				5% Threshold Funding Plan							
End	E	xpenses		Balance	Cor	ntribution		Balance	% Funded	Co	ntribution		Balance	% Funded	Coi	ntribution	E	Balance	% Funded
2019	\$	-	\$	216,439	\$	-	\$	155,407	72%	\$	-	\$	155,407	72%	\$	-	\$	155,407	72%
2020	\$	46,823	\$	192,119	\$	-	\$	110,915	58%	\$	20,400	\$	131,315	68%	\$	15,600	\$	126,515	66%
2021	\$	112,248	\$	96,907	\$	-	\$	330	0%	\$	21,012	\$	42,048	43%	\$	16,068	\$	32,232	33%
2022	\$	1,799	\$	118,901	\$	-	\$	(1,464)	-1%	\$	21,642	\$	62,522	53%	\$	16,550	\$	47,467	40%
2023	\$	8,381	\$	135,068	\$	-	\$	(9,845)	-7%	\$	22,292	\$	77,370	57%	\$	17,047	\$	56,844	42%
2024	\$	39,710	\$	118,487	\$	-	\$	(49,556)	-42%	\$	22,960	\$	61,781	52%	\$	17,558	\$	35,544	30%
2025	\$	15,056	\$	128,743	\$	-	\$	(64,611)	-50%	\$	23,649	\$	71,301	55%	\$	18,085	\$	39,106	30%
2026	\$	5,974	\$	149,817	\$	-	\$	(70,585)	-47%	\$	24,359	\$	90,755	61%	\$	18,627	\$	52,346	35%
2027	\$	3,782	\$	174,605	\$	-	\$	(74,367)	-43%	\$	25,089	\$	113,424	65%	\$	19,186	\$	68,535	39%
2028	\$	33,924	\$	168,269	\$	-	\$	(108,291)	-64%	\$	25,842	\$	107,044	64%	\$	19,762	\$	55,401	33%
2029	\$	3,914	\$	194,952	\$	-	\$	(112,206)	-58%	\$	26,617	\$	131,352	67%	\$	20,354	\$	72,672	37%
2030	\$	24,576	\$	200,865	\$	-	\$	(136,782)	-68%	\$	27,416	\$	136,162	68%	\$	20,965	\$	70,151	35%
2031	\$	43,287	\$	187,520	\$	-	\$	(180,069)	-96%	\$	28,238	\$	123,156	66%	\$	21,594	\$	49,511	26%
2032	\$	15,340	\$	204,822	\$	-	\$	(195,408)	-95%	\$	29,086	\$	138,749	68%	\$	22,242	\$	57,155	28%
2033	\$	3,736	\$	236,041	\$	-	\$	(199,144)	-84%	\$	29,958	\$	167,053	71%	\$	22,909	\$	77,186	33%
2034	\$	51,363	\$	217,562	\$	-	\$	(250,507)	-115%	\$	30,857	\$	149,052	69%	\$	23,596	\$	50,577	23%
2035	\$	62,925	\$	186,923	\$	-	\$	(313,432)	-168%	\$	31,783	\$	120,146	64%	\$	24,304	\$	12,715	7%
2036	\$	20,131	\$	202,573	\$	-	\$	(333,564)	-165%	\$	32,736	\$	134,553	66%	\$	25,033	\$	17,808	9%
2037	\$	2,803	\$	238,388	\$	-	\$	(336,367)	-141%	\$	33,718	\$	167,486	70%	\$	25,784	\$	41,056	17%
2038	\$	3,609	\$	275,388	\$	-	\$	(339,976)	-123%	\$	34,730	\$	201,119	73%	\$	26,558	\$	64,621	23%
2039	\$	9,907	\$	307,700	\$	-	\$	(349,883)	-114%	\$	35,772	\$	230,000	75%	\$	27,355	\$	83,038	27%
2040	\$	36,802	\$	312,937	\$	-	\$	(386,685)	-124%	\$	36,845	\$	233,492	75%	\$	28,175	\$	75,656	24%
2041	\$	24,373	\$	332,847	\$	-	\$	(411,058)	-123%	\$	37,950	\$	250,572	75%	\$	29,021	\$	81,439	24%
2042	\$	-	\$	380,821	\$	-	\$	(411,058)	-108%	\$	39,089	\$	293,419	77%	\$	29,891	\$	112,552	30%
2043	\$	41,593	\$	386,390	\$	-	\$	(452,651)	-117%	\$	40,261	\$	296,488	77%	\$	30,788	\$	103,435	27%
2044	\$	66,334	\$	366,543	\$	-	\$	(518,986)	-142%	\$	41,469	\$	276,070	75%	\$	31,712	\$	70,363	19%
2045	\$	32,519	\$	383,881	\$	-	\$	(551,505)	-144%	\$	42,713	\$	290,405	76%	\$	32,663	\$	71,563	19%
2046	\$	86,113	\$	345,022	\$	-	\$	(637,618)	-185%	\$	43,994	\$	252,643	73%	\$	33,643	\$	20,166	6%
2047	\$	-	\$	399,412	\$	-	\$	(637,618)	-160%	\$	45,314	\$	301,747	76%	\$	34,652	\$	55,121	14%
2048	\$	17,219	\$	438,132	\$	-	\$	(654,837)	-149%	\$	46,674	\$	335,728	77%	\$	35,692	\$	74,420	17%
2049	\$	7,070	\$	490,351	\$	-	\$	(661,906)	-135%	\$	48,074	\$	381,768	78%	\$	36,762	\$	105,229	21%

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.

12/31/2019

#### Component Summary Windemere Court HOA

Category	Approx.	Unit of		Remaining		Unit		Total	Cost
Component	Quantity	Measure	Life	Life		Cost		Cost	Sourc
Roofing/Decking									
Composite Shingles	5900	SF	25	8	\$	4.00	\$	23,600	1
Built-Up Roofing	5100	SF	15	0	\$	4.77	\$	24,327	1
Gutters & Downspouts	1	Allowance	25	10	\$	5,300	\$	5,300	1
Skylights Large	2	Each	20	4	\$	398	\$	795	1
Skylights Small	3	Each	20	0	\$	272	\$	817	1
Upper Walkway Recoat	2950	SF	5	1	\$	1.70	\$	5,003	1
Upper Walkway Resurface	2950	SF	25	1	\$	7.42	\$	21,889	1
Unit Balcony Repairs	1	Allowance	4	0	\$	3,180	\$	3,180	1
Painting							\$	84,911	
Exterior Wood Exposed	9600	SF	5	0	\$	1.06	\$	10,176	1
Exterior Wood Courtyard	12600	SF	10	4	\$	1.06	\$	13,356	1
Doors	43	Each	10	4	\$	47.70	\$	2,051	1
Metal Rails/Gates/Fence	442	LF	5	0	\$	6.36	\$	2,811	1
Wood Replacements	1	Allowance	10	4	\$	2,650	\$	2,650	1
							\$	31,044	
Paving	4	Allowerse	10	0	ሱ	2 000	¢	2 000	4
Garage Floor Clean/Restripe Concrete Paving @ Courtyard & Entry	1 1	Allowance Allowance	10 15	9 2	\$ \$	3,000 1,696	\$ \$	3,000 1,696	1 1
Concrete Faving Courtyard & Entry	1	Allowance	10	۷	Φ	1,090	<u>ֆ</u> \$	4.696	I
Fencing/Rails							Ψ	r,000	
Metal 2' Balcony Rails	112	LF	30	3	\$	29.68	\$	3,324	1
Courtyard Rail Repairs	1	Allowance	10	1	\$	2,120	\$	2,120	1
Vinyl Fencing	130	LF	25	12	\$	58.30	\$	7,579	1
Pedestrian Gates	2	Each	25	3	\$	848	\$	1,696	1
Vehicle Gate	1	Each	25	3	\$	2,650	\$	2,650	1
Vehicle Gate Operator	1	Each	15	11	\$	2,968	\$	2,968	1
Entry Intercom	1	Each	15	4	\$	2,650	\$	2,650	1
							\$	22,987	
Mechanical/Plumbing	1	Fach	10	14	¢	E 200	¢	F 200	1
Hot Water Heater	1 1	Each Each	18 12	14 1	\$ \$	5,300	\$ \$	5,300	1 1
Hot Water Storage Tank	1		12 15			2,544		2,544	1
Garage Exhaust Fan 5 HP		Each		1	\$	1,378	\$	1,378	
Sump Pumps & Controls Fire Alarm Control Panel	2 1	Each Each	10 20	1	\$ \$	1,590 3,392	\$	3,180	1 1
	1			•	Φ	3,392	\$	3,392	1
Fire Extinguishers/Cabinets Elevator Modernization	1	Each	30 30	ing Budget 1	\$	58,300	\$	58,300	1
Elevator Cab Remodel	1	Each	30 25	1	գ \$	5,300	գ \$	5,300	1
	1	Allowance	10	4	э \$	10,600	գ \$	10,600	1
Plumbing Repairs	I	Allowance	10	4	φ	10,600	ֆ \$	89,994	I
andscaping							·	,	
Irrigation System Upgrade	1	Allowance	15	1	\$	1,696	\$	1,696	1
ighting							\$	1,696	
Wall Mount Floods		Included i	n Operati	ing Budget					1
Ceiling Mounted Courtyard	31	Each	20	1	\$	64	\$	1,972	1
Ceiling Mounted Garage	9	Each	20	16	\$	143	\$	1,288	1
Exit Light Fixtures	6	Each	20	1	\$	138	\$	827	1
Column Lights (Bollards)	6	Each	25	1	\$	424	\$	2,544	1
<b>v</b> , ,							\$	6,630	
Miscellaneous		_ ·					-	<b>-</b>	
Mailboxes	30	Each	25	1	\$	74	\$	2,226	1
Termite Treatment	1	Allowance	12	11	\$	18,000	\$	18,000	1
Laundry Room Renovation	1	Allowance	18	0	\$	2,120	\$	2,120	1
Surveillance	1	Allowance	8	7	\$	3,075	\$ \$	3,075 25,421	1
Contingency							Φ	23,421	
<u>5</u> %									1
					_		_		
				TOTALS			\$	267,380	

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

#### Assessment and Reserve Funding Disclosure Summary Windemere Court HOA

Windemere Obdit Hort

- (1) The current regular assessment per ownership interest per month is:
- \$ 245.00 per month for the year ending 12/31/19
- (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 9/3/2019

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?



- **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 \$ 44.83 per unit

For more detail see attached theoretical 30 year funding plans	For more d	letail see	attached	theoretical	30	year f	unding	plans
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**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 it's 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: \$ 216,439

based in whole or in part on the last reserve study or update prepared by McCaffery Reserve Consulting as of <u>12/31/2019</u> the projected reserve fund cash balance at the end of the current fiscal year is: <u>\$155,407</u> resulting in the reserves being <u>72%</u> 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
2020	\$ 192,119	\$ 110,915	58%
2021	\$ 96,907	\$ 330	0%
2022	\$ 118,901	\$ (1,464)	-1%
2023	\$ 135,068	\$ (9,845)	-7%
2024	\$ 118,487	\$ (49,556)	-42%

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: 3.00% 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 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.

1.50%