

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

Phone: 858-764-1895

Fax: 800-436-3816

brian@mccafferyreserveconsulting.com

www.mccafferyreserveconsulting.com

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)

Executive Summary

Windemere Court HOA

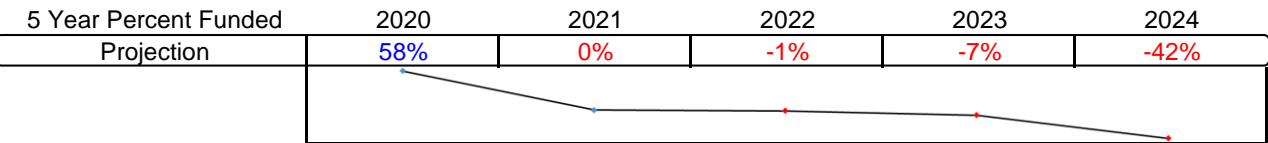
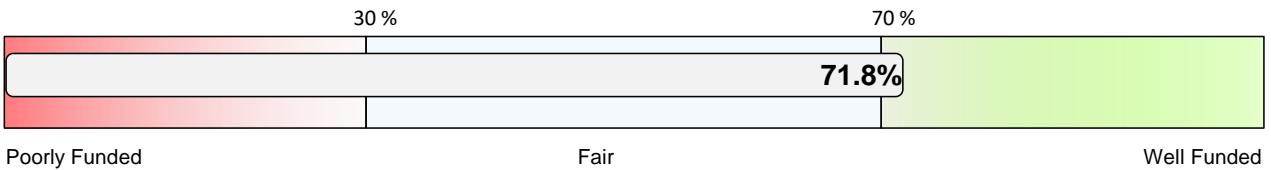
This is a Homeowners Association with 29 Condominium Units.

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

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

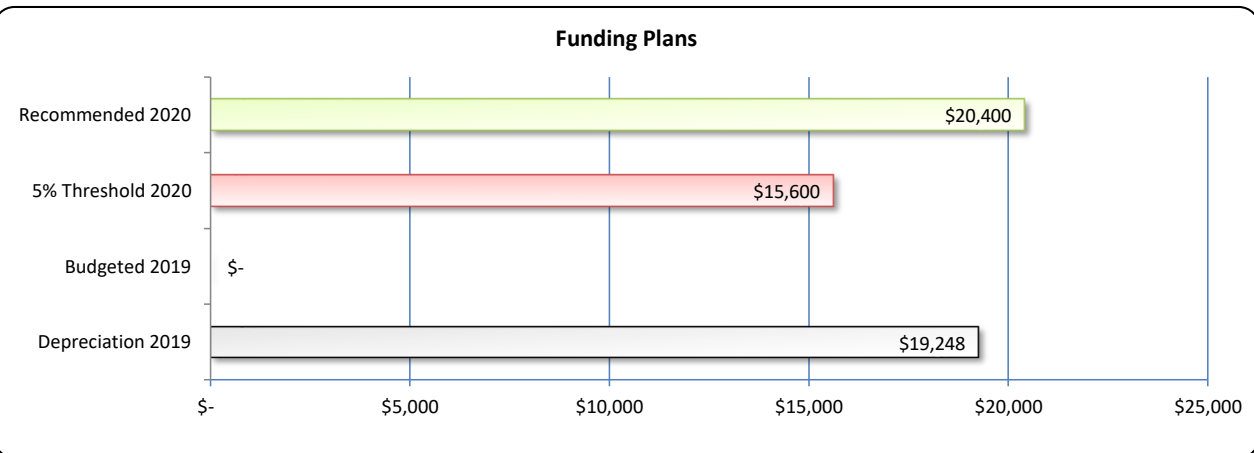
Reserve Fund Balance at Fiscal Year End

Fully Funded Reserve Balance	\$	216,439
Projected Balance December 31, 2019	\$	155,407
Under Funded (Deficiency in Reserve Funding)	\$	61,032
Deficiency in Reserve Funding Per Unit	\$	2,104.57
Percent Funded		71.8%



Funding Plans

	Annually	Monthly	Per Unit Monthly
Depreciation of Components in 2019	\$ 19,248	\$ 1,604	\$ 55.31
Budgeted Reserve Contribution 2019	\$ -	\$ -	\$ -
5% Threshold Reserve Contribution for 2020	\$ 15,600	\$ 1,300	\$ 44.83
Recommended Reserve Contribution for 2020	\$ 20,400	\$ 1,700	\$ 58.62



Component Summary
Windemere Court HOA

Category Component	Approx. Quantity	Unit of Measure	Useful Life	Remaining Life	Unit Cost	Total Cost	Cost Source
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
						\$ 84,911	
Painting							
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							
Garage Floor Clean/Restripe	1	Allowance	10	9	\$ 3,000	\$ 3,000	1
Concrete Paving @ Courtyard & Entry	1	Allowance	15	2	\$ 1,696	\$ 1,696	1
						\$ 4,696	
Fencing/Rails							
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							
Hot Water Heater	1	Each	18	14	\$ 5,300	\$ 5,300	1
Hot Water Storage Tank	1	Each	12	1	\$ 2,544	\$ 2,544	1
Garage Exhaust Fan 5 HP	1	Each	15	1	\$ 1,378	\$ 1,378	1
Sump Pumps & Controls	2	Each	10	1	\$ 1,590	\$ 3,180	1
Fire Alarm Control Panel	1	Each	20	0	\$ 3,392	\$ 3,392	1
Fire Extinguishers/Cabinets							Included in Operating Budget
Elevator Modernization	1	Each	30	1	\$ 58,300	\$ 58,300	1
Elevator Cab Remodel	1	Each	25	1	\$ 5,300	\$ 5,300	1
Plumbing Repairs	1	Allowance	10	4	\$ 10,600	\$ 10,600	1
						\$ 89,994	
Landscaping							
Irrigation System Upgrade	1	Allowance	15	1	\$ 1,696	\$ 1,696	1
						\$ 1,696	
Lighting							
Wall Mount Floods							Included in Operating Budget
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
						\$ 6,630	
Miscellaneous							
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	1
						\$ 25,421	
Contingency							
5%							1

TOTALS

\$ 267,380

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

Assessment and Reserve Funding Disclosure Summary
Windemere Court HOA

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

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?

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 \$ 44.83 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 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:

based in whole or in part on the last reserve study or update prepared by McCaffery Reserve Consulting as of 12/31/2019 the projected reserve fund cash balance at the end of the current fiscal year is: resulting in the reserves being 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 : 1.50% 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.