## Reserve Analysis Report

## Windemere Court HOA

3950 Cleveland Ave<br>San Diego, CA 92103<br>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.

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 <br> Projected Balance <br> December 31, 2019 <br> Under Funded (Deficiency in Reserve Funding) <br> Deficiency in Reserve Funding Per Unit <br> Percent Funded |  |  |  |  |  |  | \$ | 216,439 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  | \$ | 155,407 |
|  |  |  |  |  |  |  | \$ | 61,032 |
|  |  |  |  |  |  |  | \$ | 2,104.57 |
|  |  |  |  |  |  | \\| |  | 71.8\% |
| $30 \%$ |  |  | 70 \% |  |  |  |  |  |
| 1 |  |  | $71.8 \%$ |  |  |  |  |  |
| Poorly Funded |  | Fair |  |  |  |  |  | Well Funded |
| 5 Year Percent Funded | 2020 | 2021 | 2022 |  | 2023 |  | 2024 |  |
| Projection | 58\% | 0\% | -1\% |  | -7\% |  | -42\% |  |
| Funding Plans |  |  | Annually |  | Monthly |  | Per Unit Monthly |  |
| Depreciation of Components in 2019Budgeted Reserve Contribution 2019$5 \%$ Threshold Reserve Contribution for 2020Recommended Reserve Contribution for $\mathbf{2 0 2 0}$ |  |  | \$ | 19,248 | \$ | 1,604 | \$ | 55.31 |
|  |  |  | \$ | - | \$ | - | \$ | - |
|  |  |  | \$ | 15,600 | \$ | 1,300 | \$ | 44.83 |
|  |  |  | \$ | 20,400 | \$ | 1,700 | \$ | 58.62 |



# Theoretical 30 Year Funding Plans 

Windemere Court HOA
Above 70\% = Well Funded Between 30\% and 70\% = Fairly Funded Below 30\% = Poorly Funded

| Before Tax Interest Rate | $1.5 \%$ |
| :--- | :--- |
| Annual Inflation Rate | $3.0 \%$ |
| Annual Funding Increase | $3.0 \%$ |

(Low Risk of Special Assessment)
(Higher Risk of Special Assessment)

| Year | Annual Expenses |  | Fully Funded Balance |  | Current Funding Plan |  |  |  |  | Recommended Funding Plan |  |  |  |  | 5\% Threshold Funding Plan |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| End |  |  | Contribution | Balance |  | \% Funded | Contribution |  | Balance |  | \% Funded | Contribution |  | 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 <br> Component Summary <br> 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 | Operati | ing Budget |  |  |  |  | 1 |
| 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 | Operati | ng 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 |
|  |  |  |  |  |  |  | \$ | 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 |

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:

| $\$ \quad 245.00$ | per month for the year ending $\quad 12 / 31 / 19$ |
| :--- | :--- |

(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.
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 $\quad 12 / 31 / 2019$ the projected reserve fund cash balance at the end of the current fiscal year is: $\$ 155,407$ resulting in the reserves being $\quad 72 \%$ 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: $\quad 3.00 \%$ 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.

