RESERVE STUDIES INC.

— ESTABLISHED 1991 —

COMPLETE RSI RESERVE STUDY WITH SITE VISIT
COMMERCIAL SAMPLE RESERVE STUDY 1234 Main Street Anywhere, California

REVIEWED BY:		
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PLANNING A BRIGHT FUTURE APRA Association of Professional Reserve Analysts

California Association of Community Managers Inc. CACM Affiliate Member

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OVERVIEW

The **Reserve Study** consists of three main divisions:

The **Summary** is a brief synopsis of the results of the Reserve Study for compliance with the applicable laws and standards.

The **Financial Analysis** utilizes the data gathered from the Condition Assessment. Future expenditures by year over a 30-year period are then projected. Specific information regarding methods and assumptions are delineated in that section.

The **Condition Assessment** is both an inventory and examination of the major components that are subject to deterioration within the 30-year scope of this study. Specific information regarding survey methods and assumptions are delineated in that section.

Information contained in this report will assist in compliance with the provisions of industry standards which require, among other items, that a summary of the Reserve Study be distributed between 30 and 90 days prior to the beginning of the calendar/fiscal year. It is recommended that a Reserve Study with a visual inspection be performed on 3-5 year cycles, which should be updated annually. The summary of the Reserve Study must include:

1) An estimation of remaining life expectancy of those components.
2) A statement of annual transfers necessary to defray such costs.
3) Identification of common area components with less than a 30-year life.
4) A statement showing the current reserves available to defray such costs.
5) "Percent Funded" (i.e., item #4 above divided by item #3).
6) A statement regarding the procedures used for calculation and establishment of the reserves.

DOCUMENTS REQUIRED TO BE DISTRIBUTED 30 to 90 days prior to the end of the fiscal year:
(Per §5300 subdivisions 2 & 3 and §5570)

1) **Summary of the Reserves**
2) **Summary of Funding Plan Adopted by BOD**
3) **Assessment and Reserve Funding Disclosure Summary**

In addition to the prudency objectives, the information contained in the study will provide a perpetual inventory of all common area components which can be expanded should the project undergo any future physical changes. Also, the detailed schedules will serve as an advance warning system with respect to major repair or replacement of the components. This will allow time for obtaining competitive bids, ultimately resulting in cost savings. As a planning tool, the study can be utilized as a "maintenance monitor", thus obtaining maximum life potential from the components and avoiding the "quick-fix" option that can occur due to a lack of funds.

One of the most important aspects of this report is that it will provide an educated estimate as to what the monthly reserve transfer realistically needs to be. This will ensure the physical well-being of the project while helping to avoid unexpected and costly special assessments.

It is important to note that the information contained herein includes estimates and assumptions based on various sources of information. While every effort has been made to ensure accurate results, this report reflects the udgment of Reserve Studies Inc. based on conditions present at the time of the study and should not be construed as a guarantee or assurance of future events. This study has been undertaken by an independent third party. RSI (Reserve Studies Inc.) has no involvement with the client outside of the scope of the services provided herein.

SUMMARY
COMMERCIAL SAMPLE RESERVE STUDY

ASSUMPTIONS:			
(A) FISCAL (12 MONTH) PERIOD RESERVE STUDY IS TO COVER:	1/1/2027	through	12/31/2027
(B) INFLATION FACTOR (30 year average CPI per Bureau of Labor Statistics):			2.53%
(C) INTEREST % ON RESERVE FUNDS (unless provided, assumed to be 3%):			3.0000%
(D) BEGINNING RESERVE BALANCE PER ASSOCIATION AS OF:	1/1/2027		$51,000
(E) NUMBER OF UNITS:			30

ANALYSIS OF MONTHLY RESERVE TRANSFER	PERIOD			TOTAL	PER UNIT[1]
(F) CURRENTLY BUDGETED PER ASSOCIATION:	1/1/2026	through	12/31/2026	$4,250.00	$141.67
(G) RECOMMENDED TO BUDGET (see Funding Plan #3[2]):	1/1/2027	through	12/31/2027	**$6,413.25**	**$213.78**
(H) DOLLAR INCREASE / (DECREASE) ("G" less "F"):	1/1/2027	through	12/31/2027	$2,163.25	$72.11
(I) FUTURE ANNUAL % INCREASES / (DECREASES):	1/1/2028	through	12/31/2029	50.90%	50.90%

SPECIAL ASSESSMENT	PERIOD			TOTAL	PER UNIT[1]
(J) SPECIAL ASSESSMENT (ONE-TIME/ IN ADDITION TO "G"):	1/1/2027	through	12/31/2027	$0.00	$0.00

ANALYSIS OF MONTHLY ASSESSMENT ("DUES"):	PERIOD			TOTAL	PER UNIT[1]
(K) CURRENTLY BUDGETED PER ASSOCIATION:	1/1/2026	through	12/31/2026	$45,027.00	$1,500.90
(L) RESERVE TRANSFER % (item "F" divided by "K"):	1/1/2026	through	12/31/2026	9.44%	9.44%
(M) % CHANGE IN ASSESSMENT ("H" divided by "K") (if recommended reserve transfer implemented)	1/1/2027	through	12/31/2027	4.80%	4.80%

ACCUMULATED DEPRECIATION:	PERIOD			TOTAL	PER UNIT[1]
("ideal reserve balance" / funds in reserve accounts necessary to achieve 100% funding for the current year)	1/1/2027	through	12/31/2027	$560,522	$18,684

ANNUAL DEPRECIATION:	PERIOD			TOTAL	PER UNIT[1]
The current cost of all components divided by their respective typical life expectancies.	1/1/2027		12/31/2027	$93,093	$3,103

OVERAGE / (DEFICIT):	PERIOD			TOTAL	PER UNIT[1]
(between "actual" and "ideal" reserve balance)	1/1/2027	through	12/31/2027	($509,522)	($16,984.05)

PERCENT FUNDED[3]		
as of 1/1/2027		**9.10%**
as of 12/31/2027	(if Funding Plan #3[2] recommended above is followed)	**14.75%**

FOOTNOTES:

1. Per Unit amounts reflect "Total" amounts divided by units - no adjustments made for variable rate assessments.
2. Funding Plan #3 reflects minimum funding and may only marginally cover total annual expenditures in some years.
3. Actual reserve balance (item "D") divided by accumulated depreciation (per schedule).

FINANCIAL ANALYSIS

This **Financial Analysis** illustrates the financial ramifications over a 30-year projection resulting from the Condition Assessment, and consists of the following schedules:

1) **COMPONENT INVENTORY** - Lists all the components compiled from the Condition Assessment, including their quantity, typical useful lives, estimated remaining lives and average costs. Also provided for each component is an allocation of the annual depreciation.

2) **FUNDING PLANS / ILLUSTRATIONS** - Three funding plans / illustrations are provided to illustrate the effects of various levels of reserve transfers versus anticipated reserve expenditures. They include 30 years of activity, are detailed on an annual basis, and include interest income earned on reserve funds (net of taxes), which can offset the amount of transfers required.

3) **FUNDING ILLUSTRATION #1** - This illustration assumes that the current reserve transfer will remain the same throughout the 30-year projection. In most cases this will not be sufficient to cover future reserve expenditures over the 30-year period. **This is not a recommended funding plan.**

4) **FUNDING ILLUSTRATION #2** - This illustration also assumes that the current reserve transfer will remain the same throughout the 30-year projection. However, special assessments are generated for any year that the reserve balance would otherwise drop below $0.00. **This is not a recommended funding plan.**

5) **FUNDING PLAN #3** - This plan increases (or sometimes decreases) current reserve transfers as necessary to cover all future expenditures and achieve 100% funding at least by the end of the 30-year projection. It most fairly matches the depreciation of the common components and the enjoyment of the benefits. **This is a recommended funding plan** as it is the most equitable and it fulfills the requirement of the California Civil Code with respect to distribution of a full funding plan for HOAs.

6) **COMPARISON OF FUNDING PLANS / ILLUSTRATIONS** - Details of the 3 funding plans / illustrations on an annual basis, including the cash receipts (reserve transfers, special assessments, interest income) + the beginning reserve balance, as well as the percent funded, for each year.

7) **GRAPH 1: FUNDING PLANS / ILLUSTRATIONS 1-3 vs. RESERVE EXPENDITURES** - Shows the cash cash receipts (reserve transfers, special assessments, interest income) + the beginning reserve balance, versus reserve expenditures, for each year.

8) **GRAPH 2: PERCENT FUNDED OVER TIME - CURRENT FUNDING vs RECOMMENDED FUNDING –** for each year.

9) **RESERVE EXPENDITURES BY YEAR** – Details the component expenditures for each year they are anticipated to come due.

COMPONENT INVENTORY **component threshold = $1,000**
COMMERCIAL SAMPLE RESERVE STUDY **AS OF: 1/1/2027**

CATEGORY / COMPONENT	ID#	APPROXIMATE QUANTITY	LIFE IN YRS USEFUL	LIFE IN YRS REMAIN	CURRENT COST		ANNUAL DEPRE	RESERVES ACTUAL	RESERVES ACCUM DEPRE	RESERVES SURPLUS/ (DEFICIT)	MONTHLY CONTRIBUTION CURRENT	MONTHLY CONTRIBUTION RECOMMEND
ROOF/DECKS												
flat roof	0101	1,700 sq ft	15	8	7,650	1	510	**325**	**3,570**	**(3,245)**	**27.07**	**40.85**
composition shingle roof	0102	33,900 sq ft	30	25	169,500	1	5,650	**2,570**	**28,250**	**(25,680)**	**214.20**	**323.22**
gutters & downspouts	0103	2,600 lin ft	30	25	19,400	1	647	**294**	**3,233**	**(2,939)**	**24.51**	**36.99**
STRUCTURE												
structures	0201	8 buildings	30+	30+	0		0	**0**	**0**	**0**	**0.00**	**0.00**
fumigation	0202	633,000 cu ft	12	6	38,000	1	3,167	**1,729**	**19,000**	**(17,271)**	**144.06**	**217.39**
siding-wood	0203	47,700 sq ft	30	25	896,600	1	29,887	**13,596**	**149,433**	**(135,837)**	**1,133.03**	**1,709.75**
wood decking	0204	1,200 sq ft	25	18	21,950	1	878	**559**	**6,146**	**(5,587)**	**46.60**	**70.32**
wood railing cap	0205	1,000 lin ft	25	18	9,550	1	382	**243**	**2,674**	**(2,431)**	**20.27**	**30.59**
wood arbors	0206	1,000 sq ft	30	23	22,500	1	750	**478**	**5,250**	**(4,772)**	**39.81**	**60.07**
wood stairs	0207	5 sets	30	23	41,800	3	1,393	**887**	**9,753**	**(8,866)**	**73.95**	**111.59**
PAINT												
wood siding & trim	0301	64,400 sq ft	9	5	165,050	3	18,339	**6,674**	**73,356**	**(66,682)**	**556.20**	**839.31**
doors-paint	0302	100 sides	9	5	7,000	1	778	**283**	**3,111**	**(2,828)**	**23.59**	**35.59**
metal-exterior	0303	4,600 sq ft	4	2	13,000	1	3,250	**591**	**6,500**	**(5,909)**	**49.28**	**74.37**
parking stripes/curb	0304	1,200 sq ft	4	0	10,750	3	2,688	**978**	**10,750**	**(9,772)**	**81.51**	**123.00**
MECHANICAL												
elevators-mechanical	0401	2 elevators	30	23	65,900	1	2,197	**1,399**	**15,377**	**(13,978)**	**116.59**	**175.94**
elevators-cab remodel	0402	2 cabs	15	8	15,500	1	1,033	**658**	**7,233**	**(6,575)**	**54.84**	**82.76**
exhaust fans	0403	3 fans	15	0	2,300	1	153	**209**	**2,300**	**(2,091)**	**17.44**	**26.32**
PLUMBING												
distribution piping	0501	8 buildings	40	33	128,550	1	3,214	**2,047**	**22,496**	**(20,449)**	**170.57**	**257.39**
drainage/sewer piping	0502	operating budget	n/a	n/a	0		0	**0**	**0**	**0**	**0.00**	**0.00**
circulation pumps	0503	3 pumps	10	5	2,300	1	230	**105**	**1,150**	**(1,045)**	**8.72**	**13.16**
water heaters	0504	3 heaters	12	5	6,800	1	567	**361**	**3,967**	**(3,606)**	**30.08**	**45.39**
ELECTRICAL												
lighting-building	0601	100 fixtures	20	13	18,050	1	903	**575**	**6,318**	**(5,743)**	**47.90**	**72.29**
lighting-parking lot	0602	25 fixtures	30	23	31,250	1	1,042	**663**	**7,292**	**(6,629)**	**55.29**	**83.43**

COMPONENT INVENTORY **component threshold = $1,000**
COMMERCIAL SAMPLE RESERVE STUDY **AS OF: 1/1/2027**

CATEGORY / COMPONENT	ID#	APPROXIMATE QUANTITY	LIFE IN YRS USEFUL	LIFE IN YRS REMAIN	CURRENT COST	ANNUAL DEPRE	RESERVES ACTUAL	RESERVES ACCUM DEPRE	RESERVES SURPLUS/ (DEFICIT)	MONTHLY CONTRIBUTION CURRENT	MONTHLY CONTRIBUTION RECOMMEND
LANDSCAPE/ HARDSCAPE											
asphalt seal coat	0701	85,575 sq ft	4	0	21,400 [1]	5,350	**1,947**	**21,400**	**(19,453)**	**162.26**	**244.85**
asphalt replacement	0702	85,575 sq ft	40	20	285,800 [1]	7,145	**13,002**	**142,900**	**(129,898)**	**1,083.50**	**1,635.00**
concrete- walls/ flatwork	0703	lifetime	30+	30+	0	0	**0**	**0**	**0**	**0.00**	**0.00**
irrigation controllers	0704	5 controllers	10	6	4,000 [1]	400	**146**	**1,600**	**(1,454)**	**12.13**	**18.31**
back flow preventers	0705	5 @ 2 inches	15	8	5,500 [1]	367	**234**	**2,567**	**(2,333)**	**19.46**	**29.37**
iron railings/gates	0706	lifetime	30+	30+	0	0	**0**	**0**	**0**	**0.00**	**0.00**
refuse pen	0707	2 gates	30	23	4,000 [1]	133	**85**	**933**	**(848)**	**7.07**	**10.67**
MISCELLANEOUS											
monuments	0801	2 monuments	20	13	4,000 [1]	200	**127**	**1,400**	**(1,273)**	**10.62**	**16.02**
directory boards	0802	3 directories	20	13	2,400 [1]	120	**76**	**840**	**(764)**	**6.37**	**9.61**
signage	0803	lifetime	30+	30+	0	0	**0**	**0**	**0**	**0.00**	**0.00**
CONTINGENCY RESERVE	0901	5% of total annual expenditures - see "Reserve Expenditures by Year" schedule for details			**1,723**	**1,723**	**157**	**1,723**	**(1,566)**	**13**	**20**
TOTALS					**2,022,223**	**93,093**	**51,000**	**560,522**	**(509,522)**	**4,250**	**6,413**

COST SOURCES

1) In-house database or national cost guide (National Construction Estimator, R.S. Means, LSI, etc.).
2) Based on contractor proposal or actual cost of recent repair, replacement, or restoration of component - information provided by client.
3) Per Contractor Evaluation.
4) Per information in previous non-RSI study.

Percent Funded: ratio of the actual reserve balance to the component accumulated depreciation **9.10%**

COMPONENT INVENTORY ADDENDUM
COMMERCIAL SAMPLE RESERVE STUDY

CATEGORY / COMPONENT	ID#	APPROXIMATE QUANTITY	LIFE IN YRS USEFUL	LIFE IN YRS REMAIN	CURRENT COST
COMPONENTS WITH 0 YEARS REMAINING LIFE:					
parking stripes/curb	0304	1,200 sq ft	4	0	10,750
exhaust fans	0403	3 fans	15	0	2,300
asphalt seal coat	0701	85,575 sq ft	4	0	21,400
TOTAL					**34,450**

CATEGORY / COMPONENT	ID#	APPROXIMATE QUANTITY	LIFE IN YRS USEFUL	LIFE IN YRS REMAIN	CURRENT COST
COMPONENTS WITH 2 YEARS REMAINING LIFE:					
metal-exterior	0303	4,600 sq ft	4	2	13,000
TOTAL					**13,000**

COMPARISON OF FUNDING PLANS / ILLUSTRATIONS
COMMERCIAL SAMPLE RESERVE STUDY

FUNDING ILLUSTRATION #1 (current transfer remains constant)			
YEAR	MONTHLY RESERVE TRANSFER	ANNUAL % CHANGE	PERCENT FUNDED
1/1/2027	4,250	0.00%	9.10%
1/1/2028	4,250	0.00%	10.60%
1/1/2029	4,250	0.00%	16.07%
1/1/2030	4,250	0.00%	18.75%
1/1/2031	4,250	0.00%	21.96%
1/1/2032	4,250	0.00%	21.56%
1/1/2033	4,250	0.00%	7.01%
1/1/2034	4,250	0.00%	5.15%
1/1/2035	4,250	0.00%	8.93%
1/1/2036	4,250	0.00%	6.47%
1/1/2037	4,250	0.00%	9.54%
1/1/2038	4,250	0.00%	11.03%
1/1/2039	4,250	0.00%	13.16%
1/1/2040	4,250	0.00%	12.79%
1/1/2041	4,250	0.00%	12.81%
1/1/2042	4,250	0.00%	1.73%
1/1/2043	4,250	0.00%	3.75%
1/1/2044	4,250	0.00%	3.33%
1/1/2045	4,250	0.00%	4.80%
1/1/2046	4,250	0.00%	1.28%
1/1/2047	4,250	0.00%	3.10%
1/1/2048	4,250	0.00%	-17.58%
1/1/2049	4,250	0.00%	-14.12%
1/1/2050	4,250	0.00%	-11.96%
1/1/2051	4,250	0.00%	-41.09%
1/1/2052	4,250	0.00%	-37.29%
1/1/2053	4,250	0.00%	-447.93%
1/1/2054	4,250	0.00%	-360.28%
1/1/2055	4,250	0.00%	-284.14%
1/1/2056	4,250	0.00%	-250.91%

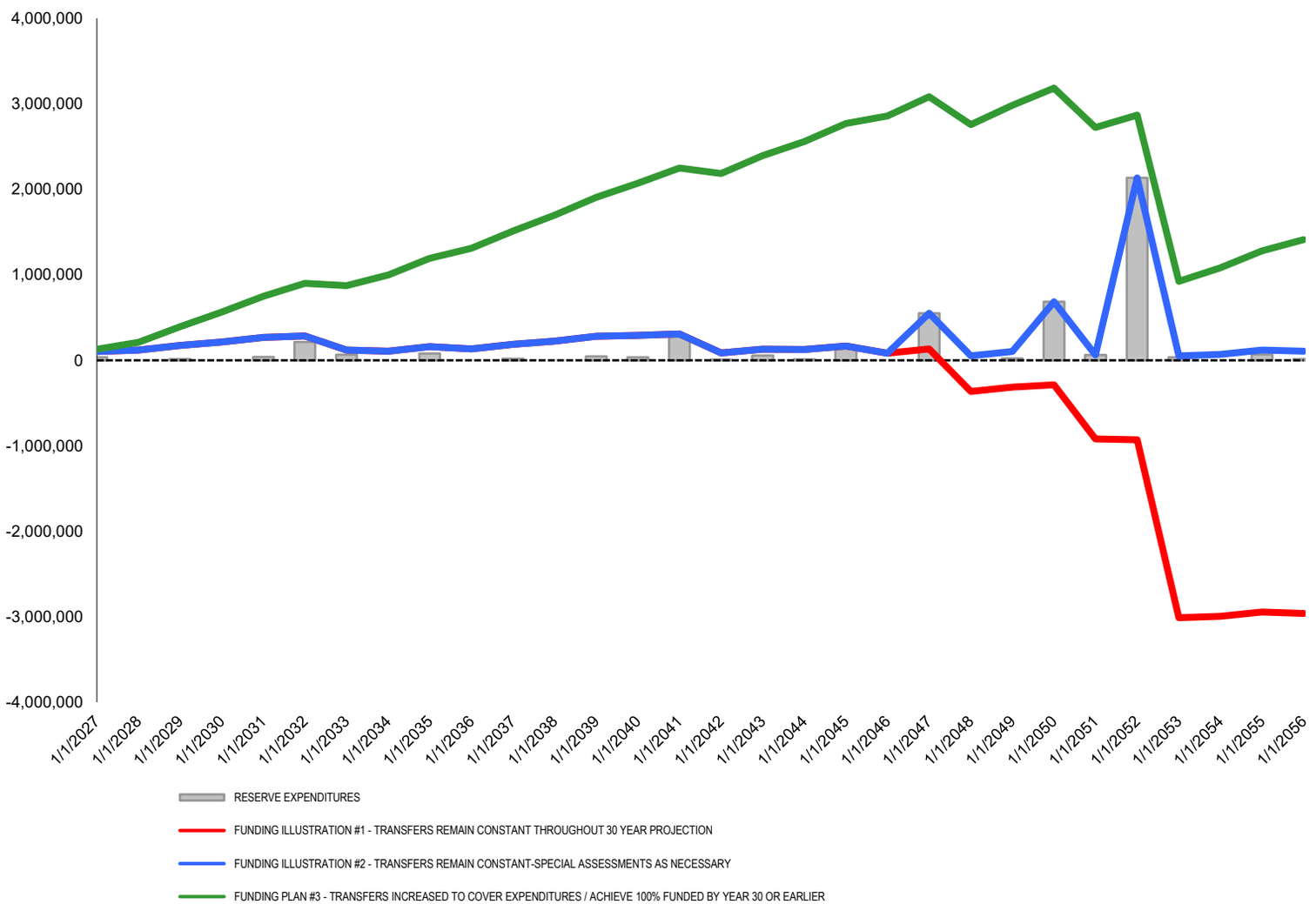
FUNDING ILLUSTRATION #2 (current transfer constant - special assess as necessary)			
YEAR	MONTHLY RESERVE TRANSFER	SPECIAL ASSESSMENT (ONE-TIME)	PERCENT FUNDED
1/1/2027	4,250	0	9.10%
1/1/2028	4,250	0	10.60%
1/1/2029	4,250	0	16.07%
1/1/2030	4,250	0	18.75%
1/1/2031	4,250	0	21.96%
1/1/2032	4,250	0	21.56%
1/1/2033	4,250	0	7.01%
1/1/2034	4,250	0	5.15%
1/1/2035	4,250	0	8.93%
1/1/2036	4,250	0	6.47%
1/1/2037	4,250	0	9.54%
1/1/2038	4,250	0	11.03%
1/1/2039	4,250	0	13.16%
1/1/2040	4,250	0	12.79%
1/1/2041	4,250	0	12.81%
1/1/2042	4,250	0	1.73%
1/1/2043	4,250	0	3.75%
1/1/2044	4,250	0	3.33%
1/1/2045	4,250	0	4.80%
1/1/2046	4,250	0	1.28%
1/1/2047	4,250	414,800	3.10%
1/1/2048	4,250	0	0.00%
1/1/2049	4,250	0	1.99%
1/1/2050	4,250	551,300	2.84%
1/1/2051	4,250	10,500	0.00%
1/1/2052	4,250	2,082,100	0.00%
1/1/2053	4,250	0	0.01%
1/1/2054	4,250	0	2.01%
1/1/2055	4,250	0	6.53%
1/1/2056	4,250	0	4.41%

FUNDING PLAN #3 (RECOMMENDED) (current transfer increased to achieve 100% funded by year 30)			
YEAR	MONTHLY RESERVE TRANSFER	ANNUAL % CHANGE	PERCENT FUNDED
1/1/2027	6,413	50.90%	9.10%
1/1/2028	9,678	50.90%	14.75%
1/1/2029	14,603	50.90%	28.49%
1/1/2030	14,603	0.00%	44.68%
1/1/2031	14,603	0.00%	57.90%
1/1/2032	14,603	0.00%	66.45%
1/1/2033	14,603	0.00%	69.34%
1/1/2034	14,603	0.00%	76.63%
1/1/2035	14,603	0.00%	83.58%
1/1/2036	14,603	0.00%	88.54%
1/1/2037	14,603	0.00%	93.12%
1/1/2038	14,603	0.00%	96.67%
1/1/2039	14,603	0.00%	99.31%
1/1/2040	14,603	0.00%	101.39%
1/1/2041	14,603	0.00%	102.41%
1/1/2042	14,603	0.00%	104.39%
1/1/2043	14,603	0.00%	105.29%
1/1/2044	14,603	0.00%	106.11%
1/1/2045	14,603	0.00%	106.21%
1/1/2046	14,603	0.00%	106.78%
1/1/2047	14,603	0.00%	105.66%
1/1/2048	14,603	0.00%	107.13%
1/1/2049	14,603	0.00%	106.68%
1/1/2050	14,603	0.00%	104.97%
1/1/2051	14,603	0.00%	106.00%
1/1/2052	14,603	0.00%	101.27%
1/1/2053	14,603	0.00%	107.38%
1/1/2054	14,603	0.00%	105.28%
1/1/2055	14,603	0.00%	102.78%
1/1/2056	14,603	0.00%	100.93%

FOOTNOTES: (1) If there are special assessments, they are prorated on a monthly basis

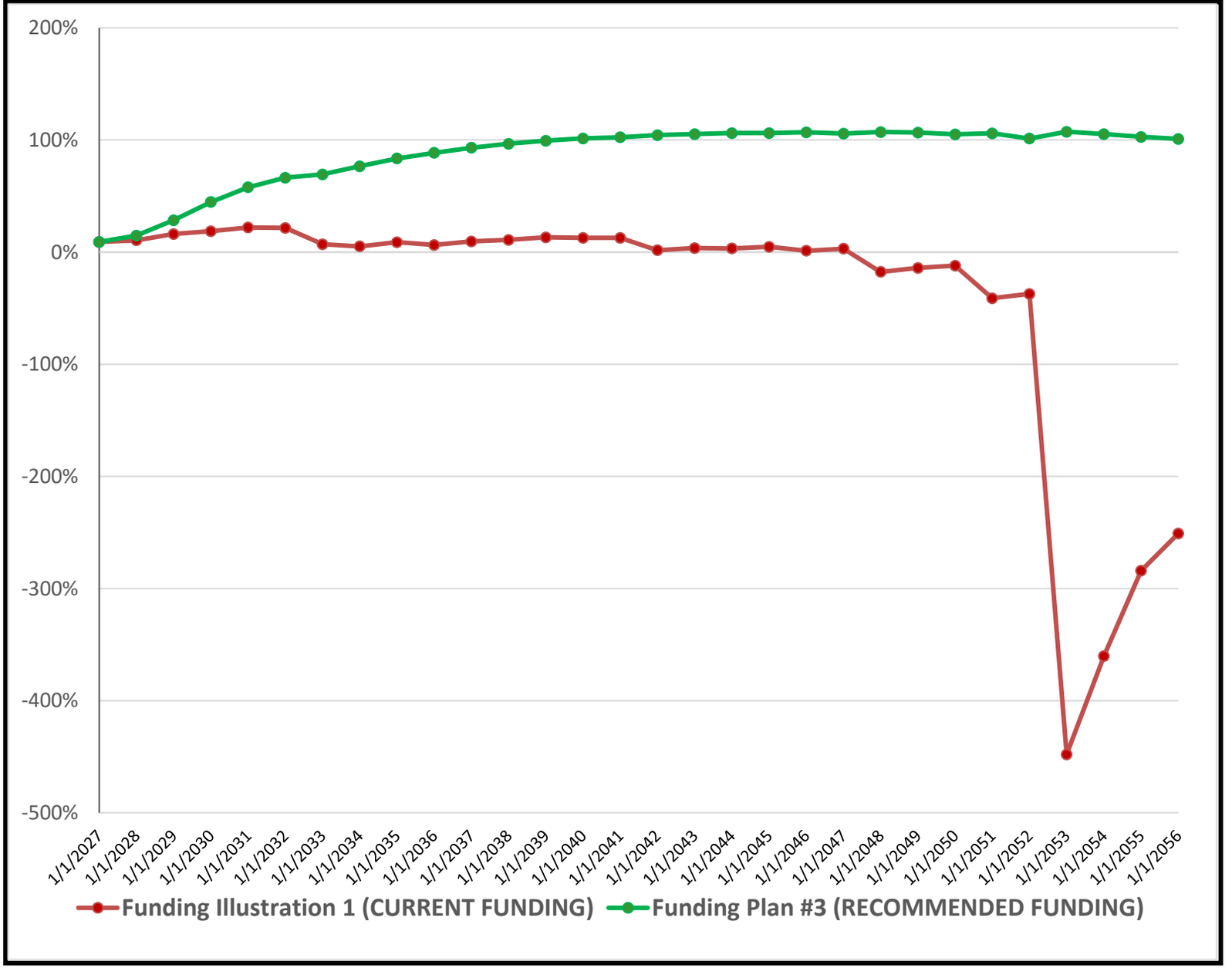
COMMERCIAL SAMPLE RESERVE STUDY

GRAPH 1: FUNDING PLAN / ILLUSTRATIONS 1-3 vs RESERVE EXPENDITURES



COMMERCIAL SAMPLE RESERVE STUDY

GRAPH 2: PERCENT FUNDED OVER TIME - CURRENT FUNDING vs RECOMMENDED FUNDING



FUNDING ILLUSTRATION #1 (assumption: current reserve transfer remains constant throughout 30 year projection) **ILLUSTRATION ONLY / NOT RECOMMENDED**

COMMERCIAL SAMPLE RESERVE STUDY **ANNUAL BASIS**

DESCRIPTION	1/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031	1/1/2032	1/1/2033	1/1/2034	1/1/2035	1/1/2036	1/1/2037	1/1/2038	1/1/2039	1/1/2040	1/1/2041
RESERVE TRANSFER	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000
SPECIAL ASSESSMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME (a)	1,072	1,695	2,531	3,381	4,037	2,727	1,120	1,461	1,708	1,960	2,771	3,597	4,181	4,449	2,612
COMPONENT COSTS (b)	(36,173)	0	(14,349)	0	(37,305)	(215,518)	(67,090)	0	(77,966)	0	(17,526)	0	(45,560)	(35,527)	(275,674)
NET RECEIPTS/(DISBURSE)	15,899	52,695	39,181	54,381	17,731	(161,791)	(14,970)	52,461	(25,257)	52,960	36,246	54,597	9,621	19,922	(222,063)
CASH BALANCE: begin year	51,000	66,899	119,595	158,776	213,157	230,888	69,097	54,128	106,589	81,332	134,292	170,537	225,134	234,755	254,678
CASH BALANCE: end year	66,899	119,595	158,776	213,157	230,888	69,097	54,128	106,589	81,332	134,292	170,537	225,134	234,755	254,678	32,615
COMPONENT ACCUMULATED DEPRECIATION (c)	560,522	631,296	744,005	846,598	970,769	1,070,870	986,336	1,051,339	1,193,239	1,257,901	1,407,868	1,545,785	1,710,382	1,835,070	1,987,833
less: beginning cash balance	51,000	66,899	119,595	158,776	213,157	230,888	69,097	54,128	106,589	81,332	134,292	170,537	225,134	234,755	254,678
over/(under) funded-total	(509,522)	(564,397)	(624,411)	(687,822)	(757,612)	(839,982)	(917,238)	(997,211)	(1,086,650)	(1,176,569)	(1,273,576)	(1,375,248)	(1,485,247)	(1,600,314)	(1,733,156)
" " " per unit	(16,984)	(18,813)	(20,814)	(22,927)	(25,254)	(27,999)	(30,575)	(33,240)	(36,222)	(39,219)	(42,453)	(45,842)	(49,508)	(53,344)	(57,772)

DESCRIPTION	1/1/2042	1/1/2043	1/1/2044	1/1/2045	1/1/2046	1/1/2047	1/1/2048	1/1/2049	1/1/2050	1/1/2051	1/1/2052	1/1/2053	1/1/2054	1/1/2055	1/1/2056
RESERVE TRANSFER	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000
SPECIAL ASSESSMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME (a)	1,002	1,372	1,713	1,334	1,049	0	0	0	0	0	0	0	0	0	0
COMPONENT COSTS (b)	(7,031)	(56,615)	(10,917)	(135,814)	0	(550,262)	0	(23,653)	(683,004)	(61,488)	(2,133,107)	(34,184)	0	(67,951)	(14,735)
NET RECEIPTS/(DISBURSE)	44,971	(4,243)	41,797	(83,480)	52,049	(499,262)	51,000	27,347	(632,004)	(10,488)	(2,082,107)	16,816	51,000	(16,951)	36,265
CASH BALANCE: begin year	32,615	77,586	73,343	115,140	31,660	83,709	(415,553)	(364,553)	(337,207)	(969,211)	(979,699)	(3,061,805)	(3,044,989)	(2,993,989)	(3,010,940)
CASH BALANCE: end year	77,586	73,343	115,140	31,660	83,709	(415,553)	(364,553)	(337,207)	(969,211)	(979,699)	(3,061,805)	(3,044,989)	(2,993,989)	(3,010,940)	(2,974,674)
COMPONENT ACCUMULATED DEPRECIATION (c)	1,888,727	2,068,273	2,202,799	2,397,071	2,465,349	2,704,527	2,363,178	2,582,410	2,818,335	2,358,714	2,627,562	683,548	845,176	1,053,719	1,199,988
less: beginning cash balance	32,615	77,586	73,343	115,140	31,660	83,709	(415,553)	(364,553)	(337,207)	(969,211)	(979,699)	(3,061,805)	(3,044,989)	(2,993,989)	(3,010,940)
over/(under) funded-total	(1,856,112)	(1,990,687)	(2,129,456)	(2,281,932)	(2,433,689)	(2,620,818)	(2,778,731)	(2,946,964)	(3,155,542)	(3,327,925)	(3,607,260)	(3,745,353)	(3,890,165)	(4,047,708)	(4,210,927)
" " " per unit	(61,870)	(66,356)	(70,982)	(76,064)	(81,123)	(87,361)	(92,624)	(98,232)	(105,185)	(110,931)	(120,242)	(124,845)	(129,672)	(134,924)	(140,364)

FOOTNOTES:
(a) Interest income calculated on average balance less Federal & State income taxes of 39.3% Rate: 3.0000%
(b) See "Reserve Expenditures By Year Schedule"
(c) See "Component Accumulated Depreciation Analysis"

FUNDING ILLUSTRATION #2 (assumption: current reserve transfer constant - special assess as necessary) **ILLUSTRATION ONLY / NOT RECOMMENDED**

COMMERCIAL SAMPLE RESERVE STUDY **ANNUAL BASIS**

DESCRIPTION	1/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031	1/1/2032	1/1/2033	1/1/2034	1/1/2035	1/1/2036	1/1/2037	1/1/2038	1/1/2039	1/1/2040	1/1/2041
RESERVE TRANSFER	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000
SPECIAL ASSESSMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME (a)	1,072	1,695	2,531	3,381	4,037	2,727	1,120	1,461	1,708	1,960	2,771	3,597	4,181	4,449	2,612
COMPONENT COSTS (b)	(36,173)	0	(14,349)	0	(37,305)	(215,518)	(67,090)	0	(77,966)	0	(17,526)	0	(45,560)	(35,527)	(275,674)
NET RECEIPTS/(DISBURSE)	15,899	52,695	39,181	54,381	17,731	(161,791)	(14,970)	52,461	(25,257)	52,960	36,246	54,597	9,621	19,922	(222,063)
CASH BALANCE: begin year	51,000	66,899	119,595	158,776	213,157	230,888	69,097	54,128	106,589	81,332	134,292	170,537	225,134	234,755	254,678
CASH BALANCE: end year	66,899	119,595	158,776	213,157	230,888	69,097	54,128	106,589	81,332	134,292	170,537	225,134	234,755	254,678	32,615
COMPONENT ACCUMULATED DEPRECIATION (c)	560,522	631,296	744,005	846,598	970,769	1,070,870	986,336	1,051,339	1,193,239	1,257,901	1,407,868	1,545,785	1,710,382	1,835,070	1,987,833
less: beginning cash balance	51,000	66,899	119,595	158,776	213,157	230,888	69,097	54,128	106,589	81,332	134,292	170,537	225,134	234,755	254,678
over/(under) funded-total	(509,522)	(564,397)	(624,411)	(687,822)	(757,612)	(839,982)	(917,238)	(997,211)	(1,086,650)	(1,176,569)	(1,273,576)	(1,375,248)	(1,485,247)	(1,600,314)	(1,733,156)
" " " per unit	(16,984)	(18,813)	(20,814)	(22,927)	(25,254)	(27,999)	(30,575)	(33,240)	(36,222)	(39,219)	(42,453)	(45,842)	(49,508)	(53,344)	(57,772)

DESCRIPTION	1/1/2042	1/1/2043	1/1/2044	1/1/2045	1/1/2046	1/1/2047	1/1/2048	1/1/2049	1/1/2050	1/1/2051	1/1/2052	1/1/2053	1/1/2054	1/1/2055	1/1/2056
RESERVE TRANSFER	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000
SPECIAL ASSESSMENT	0	0	0	0	0	414,800	0	0	551,300	10,500	2,082,100	0	0	0	0
INTEREST INCOME (a)	1,002	1,372	1,713	1,334	1,049	761	468	1,195	728	1	1	155	780	1,107	1,304
COMPONENT COSTS (b)	(7,031)	(56,615)	(10,917)	(135,814)	0	(550,262)	0	(23,653)	(683,004)	(61,488)	(2,133,107)	(34,184)	0	(67,951)	(14,735)
NET RECEIPTS/(DISBURSE)	44,971	(4,243)	41,797	(83,480)	52,049	(83,701)	51,468	28,542	(79,976)	13	(6)	16,971	51,780	(15,844)	37,570
CASH BALANCE: begin year	32,615	77,586	73,343	115,140	31,660	83,709	8	51,476	80,018	42	54	49	17,020	68,800	52,957
CASH BALANCE: end year	77,586	73,343	115,140	31,660	83,709	8	51,476	80,018	42	54	49	17,020	68,800	52,957	90,526
COMPONENT ACCUMULATED DEPRECIATION (c)	1,888,727	2,068,273	2,202,799	2,397,071	2,465,349	2,704,527	2,363,178	2,582,410	2,818,335	2,358,714	2,627,562	683,548	845,176	1,053,719	1,199,988
less: beginning cash balance	32,615	77,586	73,343	115,140	31,660	83,709	8	51,476	80,018	42	54	49	17,020	68,800	52,957
over/(under) funded-total	(1,856,112)	(1,990,687)	(2,129,456)	(2,281,932)	(2,433,689)	(2,620,818)	(2,363,170)	(2,530,935)	(2,738,317)	(2,358,672)	(2,627,507)	(683,499)	(828,156)	(984,918)	(1,147,031)
" " " per unit	(61,870)	(66,356)	(70,982)	(76,064)	(81,123)	(87,361)	(78,772)	(84,364)	(91,277)	(78,622)	(87,584)	(22,783)	(27,605)	(32,831)	(38,234)

FOOTNOTES:
(a) Interest income calculated on average balance less Federal & State income taxes of 39.3% Rate: 3.0000%
(b) See "Reserve Expenditures By Year Schedule"
(c) See "Component Accumulated Depreciation Analysis"

FUNDING PLAN #3 (assumption: current reserve transfer adjusted as necessary to cover all expenditures) RECOMMENDED TO BE ADOPTED

COMMERCIAL SAMPLE RESERVE STUDY ANNUAL BASIS

DESCRIPTION	1/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031	1/1/2032	1/1/2033	1/1/2034	1/1/2035	1/1/2036	1/1/2037	1/1/2038	1/1/2039	1/1/2040	1/1/2041
RESERVE TRANSFER	76,959	116,131	175,242	175,242	175,242	175,242	175,242	175,242	175,242	175,242	175,242	175,242	175,242	175,242	175,242
SPECIAL ASSESSMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME (a)	1,310	2,774	5,366	8,548	11,578	12,686	13,542	16,390	19,191	22,043	25,502	29,025	32,354	35,420	36,430
COMPONENT COSTS (b)	(36,173)	0	(14,349)	0	(37,305)	(215,518)	(67,090)	0	(77,966)	0	(17,526)	0	(45,560)	(35,527)	(275,674)
NET RECEIPTS/(DISBURSE)	42,096	118,905	166,258	183,790	149,514	(27,590)	121,694	191,632	116,467	197,285	183,218	204,266	162,037	175,135	(64,003)
CASH BALANCE: begin year	51,000	93,096	212,001	378,259	562,049	711,564	683,974	805,668	997,300	1,113,767	1,311,052	1,494,270	1,698,537	1,860,574	2,035,708
CASH BALANCE: end year	93,096	212,001	378,259	562,049	711,564	683,974	805,668	997,300	1,113,767	1,311,052	1,494,270	1,698,537	1,860,574	2,035,708	1,971,706
COMPONENT ACCUMULATED DEPRECIATION (c)	560,522	631,296	744,005	846,598	970,769	1,070,870	986,336	1,051,339	1,193,239	1,257,901	1,407,868	1,545,785	1,710,382	1,835,070	1,987,833
less: beginning cash balance	51,000	93,096	212,001	378,259	562,049	711,564	683,974	805,668	997,300	1,113,767	1,311,052	1,494,270	1,698,537	1,860,574	2,035,708
over/(under) funded-total	(509,522)	(538,200)	(532,004)	(468,339)	(408,720)	(359,306)	(302,362)	(245,671)	(195,939)	(144,134)	(96,816)	(51,515)	(11,845)	25,504	47,875
" " " per unit	(16,984)	(17,940)	(17,733)	(15,611)	(13,624)	(11,977)	(10,079)	(8,189)	(6,531)	(4,804)	(3,227)	(1,717)	(395)	850	1,596

DESCRIPTION	1/1/2042	1/1/2043	1/1/2044	1/1/2045	1/1/2046	1/1/2047	1/1/2048	1/1/2049	1/1/2050	1/1/2051	1/1/2052	1/1/2053	1/1/2054	1/1/2055	1/1/2056
RESERVE TRANSFER	175,242	175,242	175,242	175,242	175,242	175,242	175,242	175,242	175,242	175,242	175,242	175,242	175,242	175,242	175,242
SPECIAL ASSESSMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME (a)	37,720	41,044	44,392	47,076	49,909	48,992	48,058	51,939	49,624	46,920	30,863	14,762	17,934	20,855	23,695
COMPONENT COSTS (b)	(7,031)	(56,615)	(10,917)	(135,814)	0	(550,262)	0	(23,653)	(683,004)	(61,488)	(2,133,107)	(34,184)	0	(67,951)	(14,735)
NET RECEIPTS/(DISBURSE)	205,931	159,670	208,717	86,504	225,151	(326,028)	223,300	203,527	(458,138)	160,674	(1,927,002)	155,820	193,176	128,146	184,202
CASH BALANCE: begin year	1,971,706	2,177,637	2,337,307	2,546,025	2,632,528	2,857,679	2,531,652	2,754,952	2,958,479	2,500,341	2,661,015	734,013	889,833	1,083,009	1,211,155
CASH BALANCE: end year	2,177,637	2,337,307	2,546,025	2,632,528	2,857,679	2,531,652	2,754,952	2,958,479	2,500,341	2,661,015	734,013	889,833	1,083,009	1,211,155	1,395,357
COMPONENT ACCUMULATED DEPRECIATION (c)	1,888,727	2,068,273	2,202,799	2,397,071	2,465,349	2,704,527	2,363,178	2,582,410	2,818,335	2,358,714	2,627,562	683,548	845,176	1,053,719	1,199,988
less: beginning cash balance	1,971,706	2,177,637	2,337,307	2,546,025	2,632,528	2,857,679	2,531,652	2,754,952	2,958,479	2,500,341	2,661,015	734,013	889,833	1,083,009	1,211,155
over/(under) funded-total	82,979	109,364	134,508	148,953	167,179	153,153	168,474	172,542	140,144	141,627	33,453	50,465	44,657	29,290	11,168
" " " per unit	2,766	3,645	4,484	4,965	5,573	5,105	5,616	5,751	4,671	4,721	1,115	1,682	1,489	976	372

FOOTNOTES:

(a) Interest income calculated on average balance less Federal & State income taxes of 39.3% Rate: 3.0000%

(b) See "Reserve Expenditures By Year Schedule"

(c) See "Component Accumulated Depreciation Analysis"

RESERVE EXPENDITURES BY YEAR
COMMERCIAL SAMPLE RESERVE STUDY **1/1/2027 through 1/1/2041**

EXPENDITURES	1/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031	1/1/2032	1/1/2033	1/1/2034	1/1/2035	1/1/2036	1/1/2037	1/1/2038	1/1/2039	1/1/2040	1/1/2041
ROOF/DECKS															
flat roof	0	0	0	0	0	0	0	0	9,343	0	0	0	0	0	0
composition shingle roof	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
gutters & downspouts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
STRUCTURE															
structures	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
fumigation	0	0	0	0	0	0	44,145	0	0	0	0	0	0	0	0
siding-wood	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
wood decking	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
wood railing cap	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
wood arbors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
wood stairs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PAINT															
wood siding & trim	0	0	0	0	0	187,013	0	0	0	0	0	0	0	0	234,170
doors-paint	0	0	0	0	0	7,932	0	0	0	0	0	0	0	0	9,932
metal-exterior	0	0	13,666	0	0	0	15,103	0	0	0	16,691	0	0	0	18,445
parking stripes/curb	10,750	0	0	0	11,880	0	0	0	13,129	0	0	0	14,509	0	0
MECHANICAL															
elevators-mechanical	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
elevators-cab remodel	0	0	0	0	0	0	0	0	18,929	0	0	0	0	0	0
exhaust fans	2,300	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLUMBING															
distribution piping	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
drainage/sewer piping	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
circulation pumps	0	0	0	0	0	2,606	0	0	0	0	0	0	0	0	0
water heaters	0	0	0	0	0	7,704	0	0	0	0	0	0	0	0	0
ELECTRICAL															
lighting-building	0	0	0	0	0	0	0	0	0	0	0	0	0	24,977	0
lighting-parking lot	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LANDSCAPE/ HARDSCAPE															
asphalt seal coat	21,400	0	0	0	23,649	0	0	0	26,134	0	0	0	28,881	0	0
asphalt replacement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
concrete- walls/ flatwork	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
irrigation controllers	0	0	0	0	0	0	4,647	0	0	0	0	0	0	0	0
back flow preventers	0	0	0	0	0	0	0	0	6,718	0	0	0	0	0	0
iron railings/gates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
refuse pen	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MISCELLANEOUS															
monuments	0	0	0	0	0	0	0	0	0	0	0	0	0	5,537	0
directory boards	0	0	0	0	0	0	0	0	0	0	0	0	0	3,321	0
signage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CONTINGENCY RESERVE (5% / year of annual expenditures)	**1,723**	**0**	**683**	**0**	**1,776**	**10,263**	**3,195**	**0**	**3,713**	**0**	**835**	**0**	**2,170**	**1,692**	**13,127**
TOTAL	**36,173**	**0**	**14,349**	**0**	**37,305**	**215,518**	**67,090**	**0**	**77,966**	**0**	**17,526**	**0**	**45,560**	**35,527**	**275,674**

RESERVE EXPENDITURES BY YEAR
COMMERCIAL SAMPLE RESERVE STUDY **1/1/2042 through 1/1/2056**

EXPENDITURES	1/1/2042	1/1/2043	1/1/2044	1/1/2045	1/1/2046	1/1/2047	1/1/2048	1/1/2049	1/1/2050	1/1/2051	1/1/2052	1/1/2053	1/1/2054	1/1/2055	1/1/2056	TOTAL
ROOF/DECKS																
flat roof	0	0	0	0	0	0	0	0	13,590	0	0	0	0	0	0	22,933
composition shingle roof	0	0	0	0	0	0	0	0	0	0	316,551	0	0	0	0	316,551
gutters & downspouts	0	0	0	0	0	0	0	0	0	0	36,229	0	0	0	0	36,229
STRUCTURE																
structures	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
fumigation	0	0	0	59,577	0	0	0	0	0	0	0	0	0	0	0	103,722
siding-wood	0	0	0	0	0	0	0	0	0	0	1,674,452	0	0	0	0	1,674,452
wood decking	0	0	0	34,413	0	0	0	0	0	0	0	0	0	0	0	34,413
wood railing cap	0	0	0	14,973	0	0	0	0	0	0	0	0	0	0	0	14,973
wood arbors	0	0	0	0	0	0	0	0	39,971	0	0	0	0	0	0	39,971
wood stairs	0	0	0	0	0	0	0	0	74,258	0	0	0	0	0	0	74,258
PAINT																
wood siding & trim	0	0	0	0	0	0	0	0	293,218	0	0	0	0	0	0	714,401
doors-paint	0	0	0	0	0	0	0	0	12,437	0	0	0	0	0	0	30,301
metal-exterior	0	0	0	20,384	0	0	0	22,527	0	0	0	24,894	0	0	0	131,710
parking stripes/curb	0	16,034	0	0	0	17,719	0	0	0	19,581	0	0	0	21,639	0	125,241
MECHANICAL																
elevators-mechanical	0	0	0	0	0	0	0	0	117,072	0	0	0	0	0	0	117,072
elevators-cab remodel	0	0	0	0	0	0	0	0	27,534	0	0	0	0	0	0	46,463
exhaust fans	3,348	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,648
PLUMBING																
distribution piping	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
drainage/sewer piping	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
circulation pumps	3,348	0	0	0	0	0	0	0	0	0	4,298	0	0	0	0	10,252
water heaters	0	0	10,397	0	0	0	0	0	0	0	0	0	0	0	14,033	32,134
ELECTRICAL																
lighting-building	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	24,977
lighting-parking lot	0	0	0	0	0	0	0	0	55,519	0	0	0	0	0	0	55,519
LANDSCAPE/ HARDSCAPE																
asphalt seal coat	0	31,917	0	0	0	35,272	0	0	0	38,979	0	0	0	43,076	0	249,308
asphalt replacement	0	0	0	0	0	471,068	0	0	0	0	0	0	0	0	0	471,068
concrete- walls/ flatwork	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
irrigation controllers	0	5,968	0	0	0	0	0	0	0	0	0	7,662	0	0	0	18,277
back flow preventers	0	0	0	0	0	0	0	0	9,772	0	0	0	0	0	0	16,490
iron railings/gates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
refuse pen	0	0	0	0	0	0	0	0	7,109	0	0	0	0	0	0	7,109
MISCELLANEOUS																
monuments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,537
directory boards	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,321
signage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CONTINGENCY RESERVE (5% / year of annual expenditures)	**335**	**2,696**	**520**	**6,467**	**0**	**26,203**	**0**	**1,126**	**32,524**	**2,928**	**101,577**	**1,628**	**0**	**3,236**	**702**	**219,117**
TOTAL	**7,031**	**56,615**	**10,917**	**135,814**	**0**	**550,262**	**0**	**23,653**	**683,004**	**61,488**	**2,133,107**	**34,184**	**0**	**67,951**	**14,735**	**4,601,447**

CONDITION ASSESSMENT

This Condition Assessment is an evaluation of the major components that are subject to deterioration at a predictable rate and within a thirty (30) year projection of the study. A threshold has been established and noted on the inventory, and therefore any component with an average cost of less than that would be presumed to be funded from the operating account. Those elements with anticipated life expectancies of more than thirty (30) years (i.e., concrete surfaces, building superstructures, sewers, main electrical systems etc.) have, for the purposes of this study been defined as "lifetime components".

Estimated life expectancies and life cycles are based upon conditions that were readily visible and accessible at the time of the survey (which involved no destructive or intrusive methods of examination). Field personnel access as many areas as practicable. However, some random evaluation procedures are inevitable (i.e., not every square foot of roofing was inspected, and in the case of multiplicity of components, at least 25% were randomly observed). Only limited evaluations (i.e., less than 10% of exclusive use common areas, as these could only be properly accessed via the “separate interests”). All quantities, types, and descriptions of components, where practical, were verified by field observation. Although the survey may identify design and/or installation deficiencies with certain components, this is done so in a limited manner. It is not the intent of this report to provide a comprehensive listing of construction deficiencies. If there are concerns with regards to such matters, the advice of appropriately qualified specialists should be obtained. The survey also relies upon CC & R's (if available) and information supplied by other parties, which may include one or more of the following: community manager; board of directors; owners/occupants; contractors; and specialist consultants. The results are based upon the experience of the field personnel, contractor bids and published cost estimating information (with local adjustment factors).

Invariably some assumptions must be made in the compilation of this type of report. Anticipated events may not materialize, and unpredictable circumstances could occur. This report should only be considered as a tool for assistance in compilation of the budget as well as for compliance with legal requirements, and not as an all-encompassing prediction of future events. Rates of deterioration and repair/replacement costs frequently vary, which could significantly affect the content of the study. It is therefore imperative that the study be updated on a yearly basis, including a Condition Assessment every 3 years.

DATE OF SURVEY: 2/5/2026

INSPECTOR(S): RSI Inspector

OTHERS PRESENT: Board Member & Property Manager

COMMERCIAL SAMPLE RESERVE STUDY

CATEGORY:	*ROOF/DECKS*
COMPONENT(S):	*FLAT ROOF* **ID#(S)** *0101*

FLAT ROOF (TYPICAL)

OBSERVATIONS: *This component addresses the flat roofing. Access was limited, but where visible it appeared to be in average condition. We were informed that the roofing for the 2150 buildings was installed in 2021, and the 1300 & 1400 buildings in 2018. For reporting purposes, the remaining life has been averaged. On this type of structure, 2 layers are generally permitted. However, if it is decided to re-roof over the existing roofing, experience dictates that the typical useful life of the new materials would be reduced by approximately one third (33%). The average component cost and typical useful life reflects removal of the existing roofing prior to the installation of the new roofing.*

TYPICAL USEFUL LIFE:	*15 YEAR(S)*
ESTIMATED REMAINING LIFE:	*8 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 7,650*

TO PROTECT YOUR INVESTMENT: *Reseal cracks, separated laps and seams. Add gravel to any exposed felts. Reseal flashings as necessary. Roof drains should be maintained in a clean and operational condition to prevent damming, water retention and associated leakage. A maintenance contract with a qualified roofing contractor is recommended.*

CATEGORY:	*ROOF/DECKS*	
COMPONENT(S):	*COMPOSITION SHINGLE ROOF*	**ID#(S)** *0102*

COMPOSITION SHINGLE ROOF (TYPICAL)

OBSERVATIONS: *This component addresses the composition shingle roofing (sloped). It appeared to be in average condition. We were informed that the roofing for the 2150 buildings was installed in 2023, and the 1300 & 1400 buildings in 2021. For reporting purposes, the remaining life has been averaged. For this type of roofing material on these types of structures, 2 layers are generally permitted. However, if it is decided to re-roof over the existing roofing, experience dictates that the typical useful life of the new materials would be reduced by approximately one third (33%). The average component cost and typical useful life reflects removal of the existing roofing prior to the installation of the new roofing.*

TYPICAL USEFUL LIFE:	*30 YEAR(S)*
ESTIMATED REMAINING LIFE:	*25 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 169,500*

TO PROTECT YOUR INVESTMENT: *Replace missing and damaged shingles to prevent damage to the surrounding roof areas, the structures, and the interiors of the individual units. Reseal flashings as necessary. A maintenance contract with a qualified contractor is recommended.*

CATEGORY:	*ROOF/DECKS*
COMPONENT(S):	*GUTTERS & DOWNSPOUTS* **ID#(S)** *0103*

GUTTERS & DOWNSPOUTS (TYPICAL)

OBSERVATIONS: *The gutters and downspouts appeared to be in average condition. We were informed that the gutters and downspouts for the 2150 buildings were installed in 2023, and the 1300 & 1400 buildings in 2021. The importance of a properly functioning water removal system lies in the fact that other components can be affected considerably (i.e. integrity of the roof, siding, paint, termite infestation, etc.). Therefore, proper maintenance is imperative. For purposes of reporting, the remaining life expectancy has been corroborated with roof replacement.*

TYPICAL USEFUL LIFE:	*30 YEAR(S)*
ESTIMATED REMAINING LIFE:	*25 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 19,400*

TO PROTECT YOUR INVESTMENT: *Clean, level and re-secure if necessary. Seal joints as required. Drainage should be directed away from the structure.*

CATEGORY:	*STRUCTURE*
COMPONENT(S):	*STRUCTURES* **ID#(S)** *0201*

STRUCTURES (TYPICAL)

OBSERVATIONS: *This component addresses the foundations and structural frame, along with the internal weather-shell components and essential structure elements of the common area property. Provided there are no major catastrophes, the proper drainage principles are maintained and that structural pest control procedures are adhered to, the structures themselves and associated infrastructure would be considered lifetime components. Additionally, there would be infrastructure within structures, such as water piping systems, electrical panels, service lines, outlets, and switches. And, in some instances, natural gas piping systems, heating, air-conditioning, and ventilation ducting systems would be included. Components that have predictable life expectancies and a remaining life expectancy of less than 30 years will be outlined elsewhere in this report.*

TYPICAL USEFUL LIFE:	*30+ YEAR(S)*
ESTIMATED REMAINING LIFE:	*30+ YEAR(S)*
AVERAGE COMPONENT COST:	*$ 0*

TO PROTECT YOUR INVESTMENT: *Maintained grade levels 4-6 inches below the lowest edge of the structural frame. Grading should be sloped away from the structures for drainage, and downspouts should discharge onto hardscape areas or splash blocks and directed away from the structures. Annual inspections of the buildings and the essential systems by qualified maintenance personal is recommended.*

CATEGORY:	*STRUCTURE*
COMPONENT(S):	*FUMIGATION* **ID#(S)** *0202*

FUMIGATION (TYPICAL)

OBSERVATIONS: *This component addresses the potential fumigation of the buildings. Prudent property maintenance suggests that annual inspections be performed to discover any infestation in its early stages before it becomes a serious problem. It would be advantageous to budget for future fumigation in the event it becomes necessary. The frequency for fumigation tends to be greater in ocean environments, while decreasing further inland, especially in desert environments. Further evaluation and recommendations should be obtained from a licensed pest control operator.*

TYPICAL USEFUL LIFE:	*12 YEAR(S)*
ESTIMATED REMAINING LIFE:	*6 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 38,000*

TO PROTECT YOUR INVESTMENT: *A maintenance contract with a qualified pest control contractor is recommended, which can minimize the necessity for fumigation. Repair loose or cracked siding or stucco, peeling paint and gaps at trim around windows and doors to prevent moisture getting into the framing leading to termite infestation, fungus, and/or mold. Low foundation walls, cracks in foundation walls, leaking pipes, over-watered landscape surrounding the structure, and damaged or nonexistent gutters and downspouts that discharge near the perimeter of the structures should be monitored and repaired as necessary.*

CATEGORY:	*STRUCTURE*
COMPONENT(S):	*SIDING-WOOD* **ID#(S)** *0203*

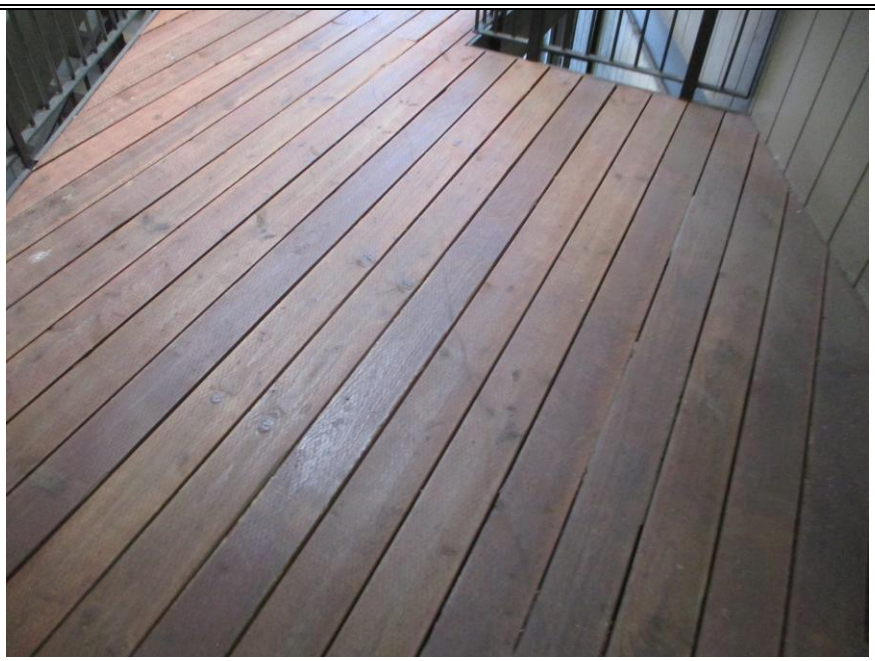
SIDING-WOOD (TYPICAL)

OBSERVATIONS: *This component addresses the wood siding on the exteriors of the buildings (T-111, hardboard, and plywood). We were informed that the siding for the 2150 buildings was installed in 2023, and the 1300 & 1400 buildings in 2021. For reporting purposes, the remaining life has been averaged. The other trim, including the wood fascia, is not included here as it would be replaced as necessary on an on-going basis.*

TYPICAL USEFUL LIFE:	*30 YEAR(S)*
ESTIMATED REMAINING LIFE:	*25 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 896,600*

TO PROTECT YOUR INVESTMENT: *Regular painting and repair of any cracks and splits should be performed to protect the siding and prevent termite infestation. Any protruding nails should also be re-driven and sealed.*

CATEGORY:	*STRUCTURE*
COMPONENT(S):	*WOOD DECKING* **ID#(S)** *0204*



WOOD DECKING (TYPICAL)

OBSERVATIONS: *This component addresses the wood arbors. We were informed that they were installed in 2020, and they appeared to be in average condition.*

TYPICAL USEFUL LIFE:	*25 YEAR(S)*
ESTIMATED REMAINING LIFE:	*18 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 21,950*

TO PROTECT YOUR INVESTMENT: *Damaged / decayed areas and loose boards should be repaired as necessary. Re-painting/staining is advocated for longevity of this component.*

CATEGORY:	*STRUCTURE*
COMPONENT(S):	*WOOD RAILING CAP* **ID#(S)** *0205*

WOOD RAILING CAP (TYPICAL)

OBSERVATIONS: *This component addresses the wood railing. We were informed that railing for the 2150 buildings was installed in 2021, and the 1300 & 1400 buildings in 2019. For reporting purposes, the remaining life has been averaged.*

TYPICAL USEFUL LIFE:	*25 YEAR(S)*
ESTIMATED REMAINING LIFE:	*18 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 9,550*

TO PROTECT YOUR INVESTMENT: *Rotting often occurs at places where water can seep into the wood, thus it is imperative to check the entire length of the railing, especially where nails or screws penetrate the wood. Deterioration can also occur from the inside out, and it would be prudent to knock on the railings – a hollow sound indicates that the wood may be weak inside due to rot, termites, carpenter ants, etc. All damaged areas and loose boards should be repaired. In addition, the bolts that attach the railing to the wall and/or floor should be solid and show no signs of rust. Re-painting/staining is advocated for longevity of this component.*

CATEGORY:	*STRUCTURE*
COMPONENT(S):	*WOOD ARBORS* **ID#(S)** *0206*

WOOD ARBORS (TYPICAL)

OBSERVATIONS: *This component addresses wood arbors with corrugated fiberglass covers. We were informed that they were installed in 2020 and they appeared to be in average condition.*

TYPICAL USEFUL LIFE:	*30 YEAR(S)*
ESTIMATED REMAINING LIFE:	*23 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 22,500*

TO PROTECT YOUR INVESTMENT: *Damaged / decayed areas and loose boards should be repaired as necessary. Re-painting/staining is advocated for longevity of this component.*

CATEGORY:	*STRUCTURE*
COMPONENT(S):	*WOOD STAIRS* **ID#(S)** *0207*

WOOD STAIRS (TYPICAL)

OBSERVATIONS: *This component addresses the wood stairs. We were informed that they were installed in 2020, and they appeared to be in average condition.*

TYPICAL USEFUL LIFE:	*30 YEAR(S)*
ESTIMATED REMAINING LIFE:	*23 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 41,800*

TO PROTECT YOUR INVESTMENT: *Damaged / decayed areas and loose boards should be repaired as necessary. Re-painting/staining is advocated for longevity of this component.*

CATEGORY:	*PAINT*
COMPONENT(S):	*WOOD SIDING & TRIM* **ID#(S)** *0301*

WOOD SIDING & TRIM (TYPICAL)

OBSERVATIONS: *This component addresses the painted surfaces of the wood siding and trim. We were informed that the siding for the 2150 buildings was painted in 2024, and the 1300 & 1400 buildings in 2022. For reporting purposes, the remaining life has been averaged.*

TYPICAL USEFUL LIFE:	*9 YEAR(S)*
ESTIMATED REMAINING LIFE:	*5 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 165,050*

TO PROTECT YOUR INVESTMENT: *Clean / touch-up painted surfaces for protection of the underlying component as well as prevention of termite infestation. Peeling paint should be sanded / scraped and bare areas primed prior to painting. Splits / cracks should be sealed, and openings of windows and doors should be re-caulked if required.*

CATEGORY:	*PAINT*
COMPONENT(S):	*DOORS-PAINT* **ID#(S)** *0302*

DOORS-PAINT (TYPICAL)

OBSERVATIONS: *This component addresses the painted surfaces of the exteriors of the individual unit doors as well as both sides of the common area doors. They appeared to be in average condition.*

TYPICAL USEFUL LIFE:	*9 YEAR(S)*
ESTIMATED REMAINING LIFE:	*5 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 7,000*

TO PROTECT YOUR INVESTMENT: *Clean / touch-up painted surfaces for protection of the underlying component as well as prevention of termite infestation. Peeling paint should be sanded / scraped and bare areas primed prior to painting. Splits / cracks should be sealed, and openings of windows and doors should be re-caulked if required.*

CATEGORY:	*PAINT*
COMPONENT(S):	*METAL-EXTERIOR* **ID#(S)** *0303*

METAL-EXTERIOR (TYPICAL)

OBSERVATIONS: *This component addresses the painted surfaces of the metal gates, rails, and parking lot posts. They appeared to be in average condition.*

TYPICAL USEFUL LIFE:	*4 YEAR(S)*
ESTIMATED REMAINING LIFE:	*2 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 13,000*

TO PROTECT YOUR INVESTMENT: *Clean / touch-up painted surfaces for protection of the underlying component. Peeling paint should be sanded / scraped and bare areas primed prior to painting.*

CATEGORY:	*PAINT*	
COMPONENT(S):	*PARKING STRIPES/CURB*	**ID#(S)** *0304*

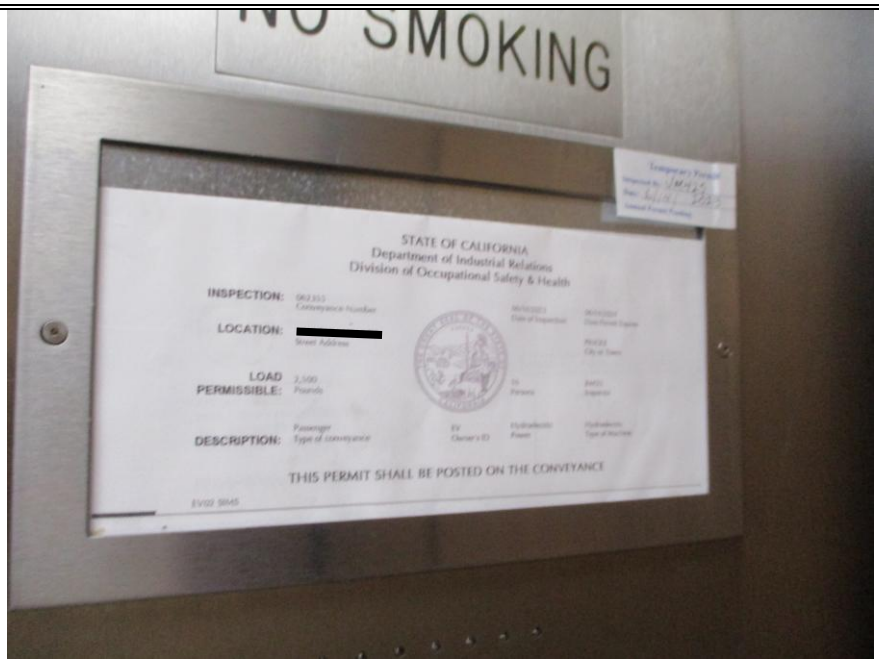
PARKING STRIPES/CURB (TYPICAL)

OBSERVATIONS: *This component addresses the painted parking stripes that delineate the individual parking spaces and the painted asphalt and curbing. They appeared to be in varied conditions, and the estimated remaining life has been corroborated with the asphalt seal coating cycle.*

TYPICAL USEFUL LIFE:	*4 YEAR(S)*
ESTIMATED REMAINING LIFE:	*0 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 10,750*

TO PROTECT YOUR INVESTMENT: *Clean / touch-up painted surfaces for protection of the underlying component. Peeling paint should be sanded / scraped and bare areas primed prior to painting.*

CATEGORY:	*MECHANICAL*
COMPONENT(S):	*ELEVATORS-MECHANICAL* **ID#(S)** *0401*



ELEVATORS-MECHANICAL (TYPICAL)

OBSERVATIONS: *This component comprises the mechanical aspects of the elevators. Included would be the motors, pumps (if applicable), starter, control panel, door operator and car operating panel. There are numerous elements, such as cylinders, rams, cages, door slides, pistons/cables, and guide rails that are not commonly replaced, and therefore not included in a standard modernization. However, these types of items may need replacement. As elevators have a wide range of restoration costs it is recommended that further evaluation and cost estimates be obtained from an elevator specialist. We were informed that they were modernized in 2020.*

TYPICAL USEFUL LIFE:	*30 YEAR(S)*
ESTIMATED REMAINING LIFE:	*23 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 65,900*

TO PROTECT YOUR INVESTMENT: *A maintenance contract should be obtained from a qualified specialist.*

CATEGORY:	*MECHANICAL*
COMPONENT(S):	*ELEVATORS-CAB REMODEL* **ID#(S)** *0402*

ELEVATORS-CAB REMODEL (TYPICAL)

OBSERVATIONS: *This component provides for the remodeling of the elevator cabs, including replacement of the panels, celling, and flooring (interior). They appeared to be in average condition. We were informed that they were refurbished in 2020.*

TYPICAL USEFUL LIFE:	*15 YEAR(S)*
ESTIMATED REMAINING LIFE:	*8 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 15,500*

TO PROTECT YOUR INVESTMENT: *General surface cleaning of the elevator cab interior is recommended.*

CATEGORY:	*MECHANICAL*
COMPONENT(S):	*EXHAUST FANS* **ID#(S)** *0403*

EXHAUST FANS (TYPICAL)

OBSERVATIONS: *This component addresses the exhaust fans that serve the purpose of ventilating the equipment rooms. Access was limited (in a locked equipment room). Where visible, they appeared to be in functional condition, however, past their anticipated service life.*

TYPICAL USEFUL LIFE:	*15 YEAR(S)*
ESTIMATED REMAINING LIFE:	*0 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 2,300*

TO PROTECT YOUR INVESTMENT: *The bearings should be oiled / greased on a periodic basis as well as occasional verification of operation of the fan. It is recommended that a maintenance contract be obtained from a qualified specialist.*

CATEGORY:	*PLUMBING*
COMPONENT(S):	*DISTRIBUTION PIPING* **ID#(S)** *0501*

DISTRIBUTION PIPING (TYPICAL)

OBSERVATIONS: *This component addresses the copper distribution piping. The visible portions appeared to be in average condition, and no problems were observed or reported. The typical useful life is approximately 40 years; however, it can fail as early as 15 years after installation. This is suspected to be primarily caused by changes in the chemical makeup of potable water. A rough cost estimate, based on number of buildings/sizes, has been provided. It is recommended that further evaluation be obtained from a licensed plumbing consultant / contractor.*

TYPICAL USEFUL LIFE:	*40 YEAR(S)*
ESTIMATED REMAINING LIFE:	*33 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 128,550*

TO PROTECT YOUR INVESTMENT: *Little by way of maintenance is needed other than examination for leaking, especially in the garage area. Leaks should be repaired upon discovery, as wood or soil kept constantly moist provides ideal conditions for termites.*

CATEGORY:	*PLUMBING*
COMPONENT(S):	*DRAINAGE/SEWER PIPING* **ID#(S)** *0502*

DRAINAGE/SEWER PIPING (TYPICAL)

OBSERVATIONS: *This component addresses the sewer and drainage piping. The visible portions appeared to be in average condition, and no problems were observed or reported. No amount has been provided for complete replacement as the piping would typically have a life in excess of the scope of this projection. It is recommended that any inspections, repair / replacement be performed on an as-needed basis and funded from the operating account.*

TYPICAL USEFUL LIFE:	*N/A YEAR(S)*
ESTIMATED REMAINING LIFE:	*N/A YEAR(S)*
AVERAGE COMPONENT COST:	*$ 0*

TO PROTECT YOUR INVESTMENT: *Occasional inspections and routing should be performed to ensure that the drainage system is free flowing.*

CATEGORY:	*PLUMBING*	
COMPONENT(S):	*CIRCULATION PUMPS*	**ID#(S)** *0503*

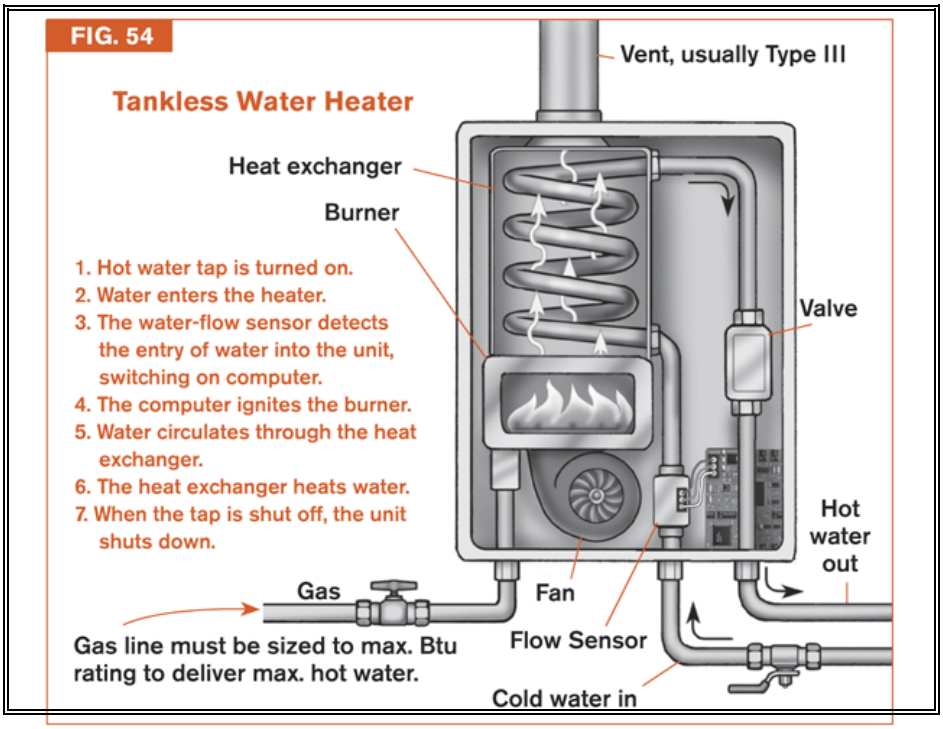
CIRCULATION PUMPS (TYPICAL)

OBSERVATIONS: *This component addresses the circulation pumps adjacent to the water heaters. Access was limited (in a locked equipment room). Where visible, they appeared to be in average condition.*

TYPICAL USEFUL LIFE:	*10 YEAR(S)*
ESTIMATED REMAINING LIFE:	*5 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 2,300*

TO PROTECT YOUR INVESTMENT: *Lubricate moving parts.*

CATEGORY:	*PLUMBING*	
COMPONENT(S):	*WATER HEATERS*	**ID#(S)** *0504*



WATER HEATERS (TYPICAL)

OBSERVATIONS: *This component addresses the tankless water heaters. Access was limited (in a locked equipment room). Where visible, they appeared to be in average condition. However, it should be noted that a visual examination cannot make predictions as to future performance (i.e. even with correct maintenance, these units can fail without warning).*

TYPICAL USEFUL LIFE:	*12 YEAR(S)*
ESTIMATED REMAINING LIFE:	*5 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 6,800*

TO PROTECT YOUR INVESTMENT: *Drain a few gallons of water from the drain cock to relieve sediment build-up. Obtain a regular safety check-up by the local utility company or licensed plumbing contractor.*

CATEGORY:	*ELECTRICAL*
COMPONENT(S):	*LIGHTING-BUILDING* **ID#(S)** *0601*

LIGHTING-BUILDING (TYPICAL)

OBSERVATIONS: *This component addresses the light fixtures at the exteriors of the buildings. We were informed that they were installed in 2020 and they appeared to be in average condition.*

TYPICAL USEFUL LIFE:	*20 YEAR(S)*
ESTIMATED REMAINING LIFE:	*13 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 18,050*

TO PROTECT YOUR INVESTMENT: *Ensure the fixtures are secure.*

CATEGORY:	*ELECTRICAL*
COMPONENT(S):	*LIGHTING-PARKING LOT* **ID#(S)** *0602*

LIGHTING-PARKING LOT (TYPICAL)

OBSERVATIONS: *This component addresses the light fixtures along the streets. We were informed that they were installed in 2020 and they appeared to be in average condition.*

TYPICAL USEFUL LIFE:	*30 YEAR(S)*
ESTIMATED REMAINING LIFE:	*23 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 31,250*

TO PROTECT YOUR INVESTMENT: *Ensure the fixtures are secure.*

CATEGORY:	*LANDSCAPE/HARDSCAPE*
COMPONENT(S):	*ASPHALT SEAL COAT* **ID#(S)** *0701*

ASPHALT SEAL COAT (TYPICAL)

OBSERVATIONS: *This component addresses the seal coat for the asphalt parking lots. It appeared to be in aging condition. It serves to enhance the longevity of the underlying asphalt as well as its appearance by replenishing the oil and fine aggregates of the underlying asphalt. It is important that this procedure be undertaken within 6 months of any overlay or resurfacing and performed thereafter on a 3 – 5-year cycle (typically a warranty requirement).*

TYPICAL USEFUL LIFE:	*4 YEAR(S)*
ESTIMATED REMAINING LIFE:	*0 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 21,400*

TO PROTECT YOUR INVESTMENT: *Cracks exceeding ¼ inch should be repaired with a rubberized sealant compound. Irrigation run-off can accelerate degradation and should be prevented / diverted.*

CATEGORY:	*LANDSCAPE/HARDSCAPE*
COMPONENT(S):	*ASPHALT REPLACEMENT* **ID#(S)** *0702*

ASPHALT REPLACEMENT (TYPICAL)

OBSERVATIONS: *This component provides for replacement of the asphalt surfaces. The surfaces appeared to be in average to aging condition, with several sections of patching and replacement observed. For reporting purposes, the remaining life has been averaged. Aging, oxidation, erosion, and vehicle traffic eventually cause cracking, surface wear, and delamination of the seal coat. Replacement entails removal of the existing asphalt, grading and compaction of the aggregate base material, and the installation of hot asphalt. It is recommended that engineering be obtained prior to replacement. In conjunction with replacement, seal coat should be performed within 6 months and then at 3 – 5-year intervals thereafter.*

TYPICAL USEFUL LIFE:	*40 YEAR(S)*
ESTIMATED REMAINING LIFE:	*20 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 285,800*

TO PROTECT YOUR INVESTMENT: *Cracks exceeding ¼ inch should be repaired with a rubberized sealant compound. Irrigation run-off can accelerate degradation and should be prevented / diverted.*

CATEGORY:	*LANDSCAPE/HARDSCAPE*	
COMPONENT(S):	*CONCRETE- WALLS/ FLATWORK*	**ID#(S)** *0703*

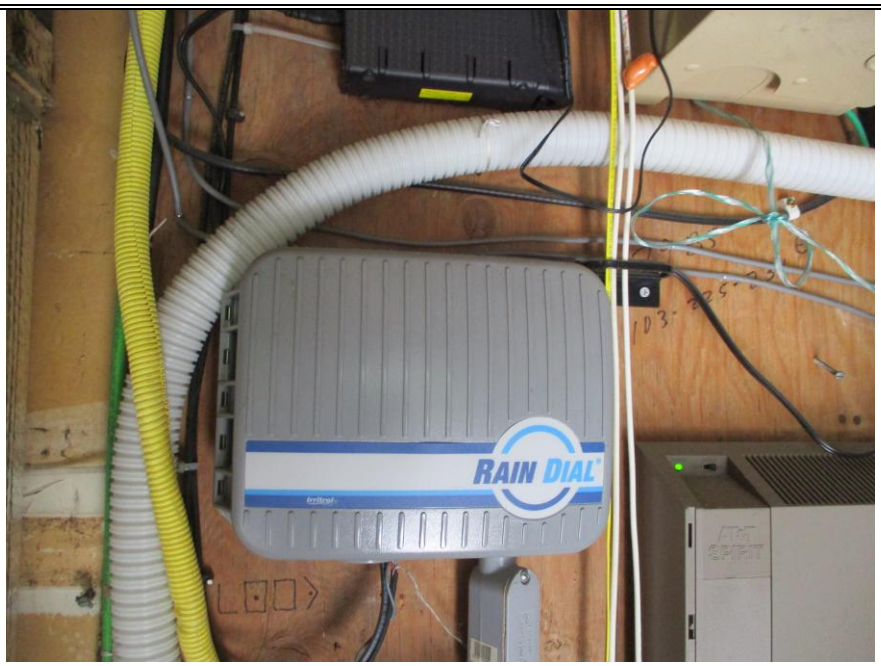
CONCRETE- WALLS/ FLATWORK (TYPICAL)

OBSERVATIONS: *This component addresses the concrete block walls and flatwork. They appeared to be in average condition, however, the wall at the western end of the complex was leaning. No cracking or displacement was observed, and it is recommended that the walls be inspected annually. It is recommended that any inspections, repair / replacement be performed on an as-needed basis and funded from the operating account. No amount has been provided for complete replacement as they would typically have a life in excess of the scope of this projection.*

TYPICAL USEFUL LIFE:	*30+ YEAR(S)*
ESTIMATED REMAINING LIFE:	*30+ YEAR(S)*
AVERAGE COMPONENT COST:	*$ 0*

TO PROTECT YOUR INVESTMENT: *Little by way of maintenance can be performed.*

CATEGORY:	*LANDSCAPE/HARDSCAPE*	
COMPONENT(S):	*IRRIGATION CONTROLLERS*	**ID#(S)** *0704*



IRRIGATION CONTROLLERS (TYPICAL)

OBSERVATIONS: *This component addresses the irrigation controllers. Access was limited (in a locked equipment room). Where visible, they appeared to be in average condition. However, average life expectancies cannot be predicted for the other sprinkler components or automatic valve actuation systems. Repairs/replacements of such systems usually occur on an ongoing basis and should be covered under the operating account.*

TYPICAL USEFUL LIFE:	*10 YEAR(S)*
ESTIMATED REMAINING LIFE:	*6 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 4,000*

TO PROTECT YOUR INVESTMENT: *Prevent overspray onto, and water accumulations adjacent to the structures. Remove and clean clogged sprinkler heads.*

CATEGORY:	*LANDSCAPE/HARDSCAPE*	
COMPONENT(S):	*BACK FLOW PREVENTERS*	**ID#(S)** *0705*

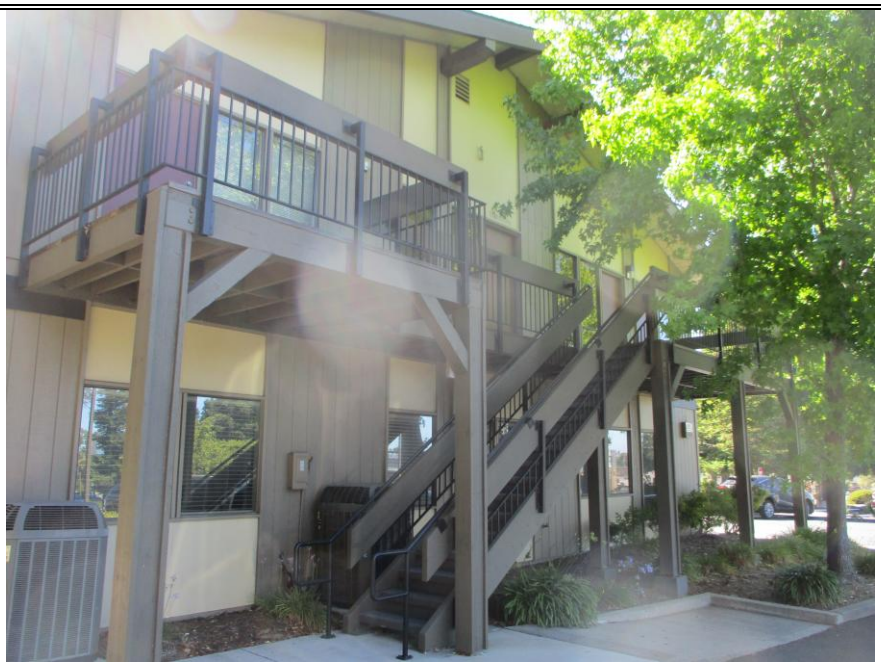
BACK FLOW PREVENTERS (TYPICAL)

OBSERVATIONS: *This component addresses the back-flow preventers, which are part of the irrigation system. They appeared to be in varying condition and well maintained, and for reporting purposes their remaining lives have been averaged.*

TYPICAL USEFUL LIFE:	*15 YEAR(S)*
ESTIMATED REMAINING LIFE:	*8 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 5,500*

TO PROTECT YOUR INVESTMENT: *Little by way of maintenance can be performed for this component.*

CATEGORY:	*LANDSCAPE/HARDSCAPE*
COMPONENT(S):	*IRON RAILINGS/GATES* **ID#(S)** *0706*



IRON RAILINGS/GATES (TYPICAL)

OBSERVATIONS: *This component addresses the iron railing and pedestrian gates. We were informed that they were installed in 2018 and they appeared to be in average condition. If it is regularly painted and exposure to moisture kept to a minimum, most of the iron should have a life in excess of 30 years. Repairs/replacements usually occur on an ongoing basis and should be provided under the operating account.*

TYPICAL USEFUL LIFE:	*30+ YEAR(S)*
ESTIMATED REMAINING LIFE:	*30+ YEAR(S)*
AVERAGE COMPONENT COST:	*$ 0*

TO PROTECT YOUR INVESTMENT: *Inspect at least once per year, emphasizing welds, where it meets the spacers or walls. Paint as necessary to ensure the maximum life potential. Wrought iron can deteriorate from the inside out, thus it is recommended to bend or squeeze the metal and repair or replace if it gives. Where possible, direct exposure to the ground and sprinkler spray should be minimized.*

CATEGORY:	*LANDSCAPE/HARDSCAPE*
COMPONENT(S):	*REFUSE PEN* **ID#(S)** *0707*

REFUSE PEN (TYPICAL)

OBSERVATIONS: *This component addresses refuse pens, comprised of block walls, metal gates, chain link fencing, and a corrugated metal top. An allowance to replace the gates has been provided.*

TYPICAL USEFUL LIFE:	*30 YEAR(S)*
ESTIMATED REMAINING LIFE:	*23 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 4,000*

TO PROTECT YOUR INVESTMENT: *Inspect at least once per year, emphasizing welds, where it meets the spacers or walls. Paint as necessary to ensure the maximum life potential. Wrought iron can deteriorate from the inside out, thus it is recommended to bend or squeeze the metal and repair or replace if it gives. Where possible, direct exposure to the ground and sprinkler spray should be minimized.*

CATEGORY:	*MISCELLANEOUS*
COMPONENT(S):	*MONUMENTS* **ID#(S)** *0801*

MONUMENTS (TYPICAL)

OBSERVATIONS: *This component addresses the lettering on the monument at the south entrance of the complex, and replacement of the entire monument at the east entrance to the complex. They appeared to be in average condition.*

TYPICAL USEFUL LIFE:	*20 YEAR(S)*
ESTIMATED REMAINING LIFE:	*13 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 4,000*

TO PROTECT YOUR INVESTMENT: *Little by way of maintenance can be performed for this component.*

CATEGORY:	*MISCELLANEOUS*
COMPONENT(S):	*DIRECTORY BOARDS* **ID#(S)** *0802*

DIRECTORY BOARDS (TYPICAL)

OBSERVATIONS: *This component addresses the directories at each building cluster. They appeared to be in average condition.*

TYPICAL USEFUL LIFE:	*20 YEAR(S)*
ESTIMATED REMAINING LIFE:	*13 YEAR(S)*
AVERAGE COMPONENT COST:	*$ 2,400*

TO PROTECT YOUR INVESTMENT: *Little by way of maintenance can be performed for this component.*

CATEGORY:	*MISCELLANEOUS*
COMPONENT(S):	*SIGNAGE* **ID#(S)** *0803*

SIGNAGE (TYPICAL)

OBSERVATIONS: *This component addresses the metal directional signs. They appeared to be in average condition. No amount has been provided for replacement as they would typically have a life in excess of the scope of this projection. Repairs/ replacements usually occur on an ongoing basis and should be provided under the operating account.*

TYPICAL USEFUL LIFE:	*30+ YEAR(S)*
ESTIMATED REMAINING LIFE:	*30+ YEAR(S)*
AVERAGE COMPONENT COST:	*$ 0*

TO PROTECT YOUR INVESTMENT: *Little by way of maintenance can be performed for this component.*

CATEGORY:	*CONTINGENCY RESERVE*
COMPONENT(S):	*GENERAL-5%* **ID#(S)** *0901*

COMPONENT NOT PHOTOGRAPHED

GENERAL-5% (TYPICAL)

OBSERVATIONS: *It is difficult to anticipate every expense / replacement as well as accurately predict the cost of some items that are anticipated, due to unforeseen circumstances with respect to removal/installation, replacement with a different material than originally budgeted for, economic factors, etc. The Department of Real Estate (DRE) suggests a contingency equal to 3% of the annual budget (5% for a conversion from an apartment complex and 10% for a high-rise building over 70 feet). It is our opinion that a 5% contingency factor would be appropriate.*

TYPICAL USEFUL LIFE:	*N/A YEAR(S)*
ESTIMATED REMAINING LIFE:	*N/A YEAR(S)*
AVERAGE COMPONENT COST:	*$ SEE PG 4*

TO PROTECT YOUR INVESTMENT: *N/A*

GLOSSARY

ACCUMULATED DEPRECIATION	Amount of each component that has been used up at a point in time. The total accumulated depreciation amount equates to a "fully funded balance" (per CAI Standards definition).
ANNUAL DEPRECIATION	The current cost of a component divided by its typical life expectancy.
CASH FLOW METHOD	A method of developing a reserve funding plan where transfers to the reserve fund are designed to offset the variable annual expenditures. Different reserve funding illustrations / plans are tested against the anticipated reserve expenses to achieve a desired funding goal.
CASH RESERVES	Funds available for major repair, restoration, replacement, or maintenance of the common components.
CC&R's	The Covenants, Conditions and Restrictions, which govern the day to day operations of a facility.
COMPONENTS	The common area assets that require major repair, restoration, replacement, or maintenance. Typically: 1) Association responsibility, 2) with limited useful life expectancies, 3) predictable remaining useful life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.
COMPONENT INVENTORY	A list of components subject to degradation at a somewhat predictable rate within the projection period.
CONDITION ASSESSMENT	The evaluation of the current condition of the components based on observed or reported characteristics.
CONTINGENCY RESERVE	Additional funds set aside to allow for unforeseeable situations or variations. It is a percentage based on total expenditures anticipated each year.
CU FT	Measured in cubic feet.
CURRENT COST	Average cost for major repair, restoration, replacement, or maintenance of a component.
CURRENT RESERVE BALANCE	Amount of funds in reserve accounts estimated as of the beginning of the Reserve Study.
DEFICIT	The amount that the fully funded reserve balance exceeds the actual (or projected) reserve balance.
EXCLUSIVE USE COMMON AREA	That part of a common area that has been designated for the individual use by a single interest.
FINANCIAL ANALYSIS	The portion of a Reserve Study (one of two parts) where current status of the reserves (measured as cash or Percent Funded) and a recommended reserve transfer rate (reserve funding plan) are derived, and the projected reserve income and expenditures over time are presented. It should illustrate the financial ability to fund future major repair or replacement of those common components that are subject to degradation within a specified period.
FISCAL YEAR	The twelve-month financial reporting period, which may not necessarily be a calendar year. Example: July 1, 2025 through June 30, 2026.
INFLATION FACTOR	An allowance for anticipated price increases based upon a 30-year average of the Consumer Price Index published by the U.S. Department of Labor. It is set at the beginning of each calendar year.
INTEREST RATE ASSUMPTIONS	Average interest rate currently being earned from financial institutions where reserve funds are held.
LIFE CYCLE	The normal lifetime of a component, assuming it is properly installed / constructed and maintained.
LIFETIME COMPONENT	An element with a life expectancy that extends beyond the projection period of the study.
LIN FT	Measured in linear feet.
PERCENT FUNDED	The ratio, at a point of time (typically the beginning of the fiscal fear), of the actual (or projected) reserve balance to the accumulated depreciation of all the components (i.e. amount that ideally should be in reserves), expressed as a percentage.
PHYSICAL INSPECTION	A visual examination of accessible common components subject to degradation within the projection period.
PRO FORMA OPERATING BUDGET	A projection of operating expenditures for the year.
PROJECTION PERIOD	The span (in years) over which the study forecasts potential reserve expenditures and liabilities.
REGULAR ASSESSMENT	Budgeted amounts assessed to all owners (oftentimes referred to as "Dues"), including the reserve transfer – typically assessed monthly, quarterly, or annually.
REMAINING LIFE	The number of remaining years of a components' anticipated life expectancy based upon current condition and degradation factors.
REPLACEMENT CYCLE	See "Life Cycle" (i.e., frequency of repair/replacement within forecast).
RESERVE TRANSFER	That portion of the "regular" assessment allocated to the reserve fund.
RESERVE STATUS	The ability to fund future major repair or replacement of the common components at a point in time.
SPECIAL ASSESSMENT	An assessment levied in addition to regular assessments, often regulated by governing documents or local statut
SQ FT	Measured in square feet.
SURPLUS	An actual (or projected) reserve balance greater than the fully funded balance.
USEFUL LIFE (UL)	The estimated time in years that a component is expected to serve its intended function if properly constructed in its present application or installation.