



“Your Future is Our Business”

## Assessment and Reserve Funding Disclosure Summary

per California Civil Code section 5570 for the calendar year 1/1/2019 through 12/31/2019

### HIGH RISE HOMEOWNERS ASSOCIATION - 425 UNITS (SAMPLE ONLY)

- 1) The current regular assessment is \$947.80 per ownership interest per month and the portion allocated to reserves is \$127.40 per ownership interest per month (note: if assessments vary by the size or type of ownership interest, the assessments listed above are averages, and the assessment applicable to this ownership interest may be found on a separate “variable” schedule attached).
- 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 (note: if assessments vary by the size or type of ownership interest, the assessments listed below are averages, and the assessment applicable to this ownership interest may be found on a separate “variable” schedule attached).

DATE ASSESSMENT WILL BE DUE	PURPOSE	AMOUNT PER OWNERSHIP INTEREST
Total:		\$0.00

- 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  X  , provided the funding plan attached, based on the most recently completed Reserve Study Update (February 12, 2018 for the 1/1/2019 calendar year), is followed and updated on an annual basis.
- 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 that have not been approved by the board or the members?

APPROXIMATE DATE ASSESSMENT WILL BE DUE	DESCRIPTION	AMOUNT PER OWNERSHIP INTEREST
	N/A	
Total:		\$0.00

- 5) All major components are included in the Reserve Study and are included in its calculations.
- 6) Based on the method of calculation in paragraph (4) of subdivision (b) of section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of the fiscal year is \$17,384 based in whole or in part on the last Reserve Study Update prepared by Reserve Studies Incorporated as of February 12, 2018 for the 1/1/2019 calendar year. The projected reserve fund cash balance at the end of the fiscal year is \$3,286,382, resulting in reserves being 51.10% funded at this date.



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7) Based on the method of calculation in paragraph (4) of subdivision (b) of section 5570 of the Civil Code, at the end of each of the next five budget years the estimated amount required in the reserve fund, the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, and the percent funded is as follows:

YEAR	ESTIMATED AMOUNT REQUIRED IN THE RESERVE FUND	PROJECTED RESERVE FUND CASH BALANCE	PERCENT FUNDED
12/31/2019	6,258,224	3,198,120	51.10%
12/31/2020	6,356,928	3,180,683	50.03%
12/31/2021	7,237,731	3,969,769	54.85%
12/31/2022	7,999,529	4,678,755	58.49%
12/31/2023	8,696,325	5,373,328	61.79%

If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, and the percent funded is as follows:

YEAR	ESTIMATED AMOUNT REQUIRED IN THE RESERVE FUND	PROJECTED RESERVE FUND CASH BALANCE	PERCENT FUNDED
12/31/2019	6,258,224	3,198,120	51.10%
12/31/2020	6,356,928	3,180,683	50.03%
12/31/2021	7,237,731	3,969,769	54.85%
12/31/2022	7,999,529	4,678,755	58.49%
12/31/2023	8,696,325	5,373,328	61.79%

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 earned on reserve funds was 1.00% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 1.69% per year. **It has been assumed that a reserve funding plan has been adopted by the board of directors at an open meeting before the membership of the association as described in California Civil Code Section 5560 (a).**

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 5550. 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 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.



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- 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.

PREPARED BY: Les Weinberg, RS, MBA – Reserve Studies Incorporated

FOR THE CALENDAR YEAR BEGINNING 1/1/2019

DATE: March 2, 2018

**FUNDING PLAN FOR ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY  
HIGH RISE HOMEOWNERS ASSOCIATION - 425 UNITS (SAMPLE ONLY)**

DESCRIPTION	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031	1/1/2032	1/1/2033
ASSESSMENTS-regular	649,765	709,804	775,389	847,035	925,301	1,010,799	1,104,197	1,206,225	1,317,680	1,439,434	1,439,434	1,439,434	1,439,434	1,439,434	1,439,434
ASSESSMENTS-special	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME (a)	26,635	28,908	32,405	39,194	45,555	52,246	53,908	57,362	68,719	79,148	89,260	73,449	57,757	67,699	77,860
COMPONENT COSTS (b)	(157,448)	(756,148)	(18,709)	(177,243)	(276,283)	(281,086)	(1,573,467)	(85,912)	(58,173)	(545,429)	(270,669)	(6,259,766)	(212,693)	(597,877)	(184,404)
NET RCPTS/(DISBURSE)	518,953	(17,437)	789,085	708,986	694,573	781,959	(415,362)	1,177,675	1,328,226	973,153	1,258,024	(4,746,884)	1,284,498	909,256	1,332,890
CASH BALANCE: begin yr	2,679,167	3,198,120	3,180,683	3,969,769	4,678,755	5,373,328	6,155,287	5,739,925	6,917,600	8,245,825	9,218,979	10,477,003	5,730,119	7,014,617	7,923,873
CASH BALANCE: end of yr	3,198,120	3,180,683	3,969,769	4,678,755	5,373,328	6,155,287	5,739,925	6,917,600	8,245,825	9,218,979	10,477,003	5,730,119	7,014,617	7,923,873	9,256,763
ESTIMATED LIABILITY (c)	5,545,221	6,258,224	6,356,928	7,237,731	7,999,529	8,696,325	9,484,797	8,916,955	9,876,604	10,930,495	11,517,835	12,706,404	7,524,945	8,451,260	9,007,882
less: beginning cash bal	2,679,167	3,198,120	3,180,683	3,969,769	4,678,755	5,373,328	6,155,287	5,739,925	6,917,600	8,245,825	9,218,979	10,477,003	5,730,119	7,014,617	7,923,873
over/(under) funded-total	(2,866,054)	(3,060,104)	(3,176,245)	(3,267,963)	(3,320,775)	(3,322,997)	(3,329,510)	(3,177,030)	(2,959,004)	(2,684,669)	(2,298,856)	(2,229,401)	(1,794,826)	(1,436,643)	(1,084,009)
" " " per unit	(6,744)	(7,200)	(7,474)	(7,689)	(7,814)	(7,819)	(7,834)	(7,475)	(6,962)	(6,317)	(5,409)	(5,246)	(4,223)	(3,380)	(2,551)

DESCRIPTION	1/1/2034	1/1/2035	1/1/2036	1/1/2037	1/1/2038	1/1/2039	1/1/2040	1/1/2041	1/1/2042	1/1/2043	1/1/2044	1/1/2045	1/1/2046	1/1/2047	1/1/2048
ASSESSMENTS-regular	1,439,434	1,439,434	1,439,434	1,439,434	1,439,434	1,439,434	1,439,434	1,439,434	1,439,434	1,439,434	1,439,434	1,439,434	1,439,434	1,439,434	1,439,434
ASSESSMENTS-special	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME (a)	88,341	91,214	95,973	108,265	118,312	118,651	102,710	97,382	110,534	122,998	131,059	139,653	152,315	163,683	171,460
COMPONENT COSTS (b)	(547,944)	(1,876,595)	(139,393)	(231,302)	(657,147)	(2,383,913)	(4,233,786)	(20,965)	(163,769)	(198,224)	(1,155,929)	(97,350)	(279,400)	(407,154)	(1,090,625)
NET RCPTS/(DISBURSE)	979,832	(345,947)	1,396,014	1,316,396	900,599	(825,828)	(2,691,642)	1,515,850	1,386,199	1,364,208	414,564	1,481,737	1,312,349	1,195,962	520,270
CASH BALANCE: begin yr	9,256,763	10,236,595	9,890,648	11,286,662	12,603,058	13,503,657	12,677,829	9,986,188	11,502,038	12,888,237	14,252,444	14,667,008	16,148,745	17,461,095	18,657,057
CASH BALANCE: end of yr	10,236,595	9,890,648	11,286,662	12,603,058	13,503,657	12,677,829	9,986,188	11,502,038	12,888,237	14,252,444	14,667,008	16,148,745	17,461,095	18,657,057	19,177,326
ESTIMATED LIABILITY (c)	10,041,197	10,813,544	10,185,194	11,349,287	12,492,350	13,334,542	12,543,271	9,665,558	11,066,805	12,385,026	13,773,821	14,194,319	15,747,530	17,188,394	18,597,011
less: beginning cash bal	9,256,763	10,236,595	9,890,648	11,286,662	12,603,058	13,503,657	12,677,829	9,986,188	11,502,038	12,888,237	14,252,444	14,667,008	16,148,745	17,461,095	18,657,057
over/(under) funded-total	(784,434)	(576,949)	(294,546)	(62,626)	110,708	169,116	134,559	320,629	435,234	503,211	478,623	472,689	401,215	272,700	60,046
" " " per unit	(1,846)	(1,358)	(693)	(147)	260	398	317	754	1,024	1,184	1,126	1,112	944	642	141

FOOTNOTES: (a) Interest income calculated on average balance less Federal & State income taxes of 39.3% Rate: 1.0000%  
(b) See "Reserve Expenditures By Year Schedule"  
(c) See "Component Liability Analysis"