

J.D. BROOKS

RESERVE STUDIES

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UPDATE - NO SITE INSPECTION

MOUNTAIN GLEN II HOA

SYLMAR, CA

RESERVE STUDY REPORT: JULY 27, 2016

**RECOMMENDATIONS FOR THE BUDGET YEAR PERIOD
FROM: JANUARY 1, 2017
THROUGH: DECEMBER 31, 2017**

COVER

INTRODUCTION

RESERVE STUDY SUMMARY

COLOR GRAPHS & CHARTS:

THIRTY-YEAR RESERVE BALANCE PROJECTIONS

RESERVE CATEGORIES AS PERCENTAGE OF TOTAL COMPONENTS

PROJECTED ANNUAL RESERVE EXPENSES

RESERVE COMPONENT INVENTORY

THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES

THIRTY-YEAR PROJECTED ANNUAL RESERVE BALANCES

DEFINITIONS

CALIFORNIA CIVIL CODE OVERVIEW

INTRODUCTION

UPDATE - NO SITE INSPECTION

This Reserve Study is an evaluation of the association's Common Area Components and their Reserve Funds.

The goal is to keep the Reserve Funds at a sufficient level for future repair and/or replacement of these components and to disclose this information formally to the Association.

Mountain Glen II HOA

a residential development consisting of three hundred seventeen: single-family homes, is located in Sylmar, CA

The development is comprised of 317 units built approx. 2000.

The Association's Fiscal Year End is December 31.

This study's Reserve Component Inventory lists the components that require reserve funding.

The Projected Reserve Fund Balance at Fiscal Year End 2016 is \$1,049,000.

The Ideal Reserve Fund Balance at Fiscal Year End 2016 is \$964,567.

Therefore, the Reserve Fund is theoretically 109% Funded.

The Current (2016) Annual Reserve Contribution is set at approximately \$84,630.

J.D. Brooks recommends increasing this Annual Reserve Contribution to \$87,994

(The Cash-Flow (Minimum) Contribution) for 2017, plus a contribution increase of 3% annually.

This funding plan *should* keep the association's Reserve Fund above \$77,908 over a thirty-year period.

NOTE: This Funding Plan includes the assumption that all Interest earned on the Reserve Funds will be re-invested into the Reserve Accounts (Net after Tax obligations)

The Repair / Replace Estimates and other parameters used in this study were estimated with the assistance of information obtained from one or more of the following:

- 1 The Association's Board of Directors.
- 2 The Association's Property Manager.
- 3 Vendor (Subcontractor) Proposal / Contract for work.
- 4 Vendor (Subcontractor) experience with the Association.
- 5 Construction estimating reference books & databases.
- 6 J.D. Brooks database of area construction costs and similar reserve studies.

This reserve study does not imply a warranty or guarantee of any form.

The named Association, by receiving this study, agrees to release J.D. Brooks from any claims and/or lawsuits.

RESERVE STUDY SUMMARY

ASSOCIATION INFORMATION:

Name of Association: **MOUNTAIN GLEN II HOA**
Location: **SYLMAR, CA**
Number of Units: **317**
Approximate Age of Complex: **16**

This report recommends contributions for Budget Year:

Beginning: **JANUARY 1, 2017**
Ending: **DECEMBER 31, 2017**

Reserve Study Report Date: **JULY 27, 2016**

Current Fiscal Year End: **DECEMBER 31, 2016**

CURRENT FUNDS SUMMARY:

Projected Reserve Balance at Current Fiscal Year End: **\$1,049,000**

Ideal Reserve Balance at Current Fiscal Year End: **\$964,567**

PERCENT FUNDED: **109%**

CURRENT RESERVE CONTRIBUTIONS:

	<u>Annual</u>	<u>Monthly</u>	<u>Monthly Per Unit</u>
2016 Budgeted Reserve Contribution:	\$84,630	\$7,053	\$22.25

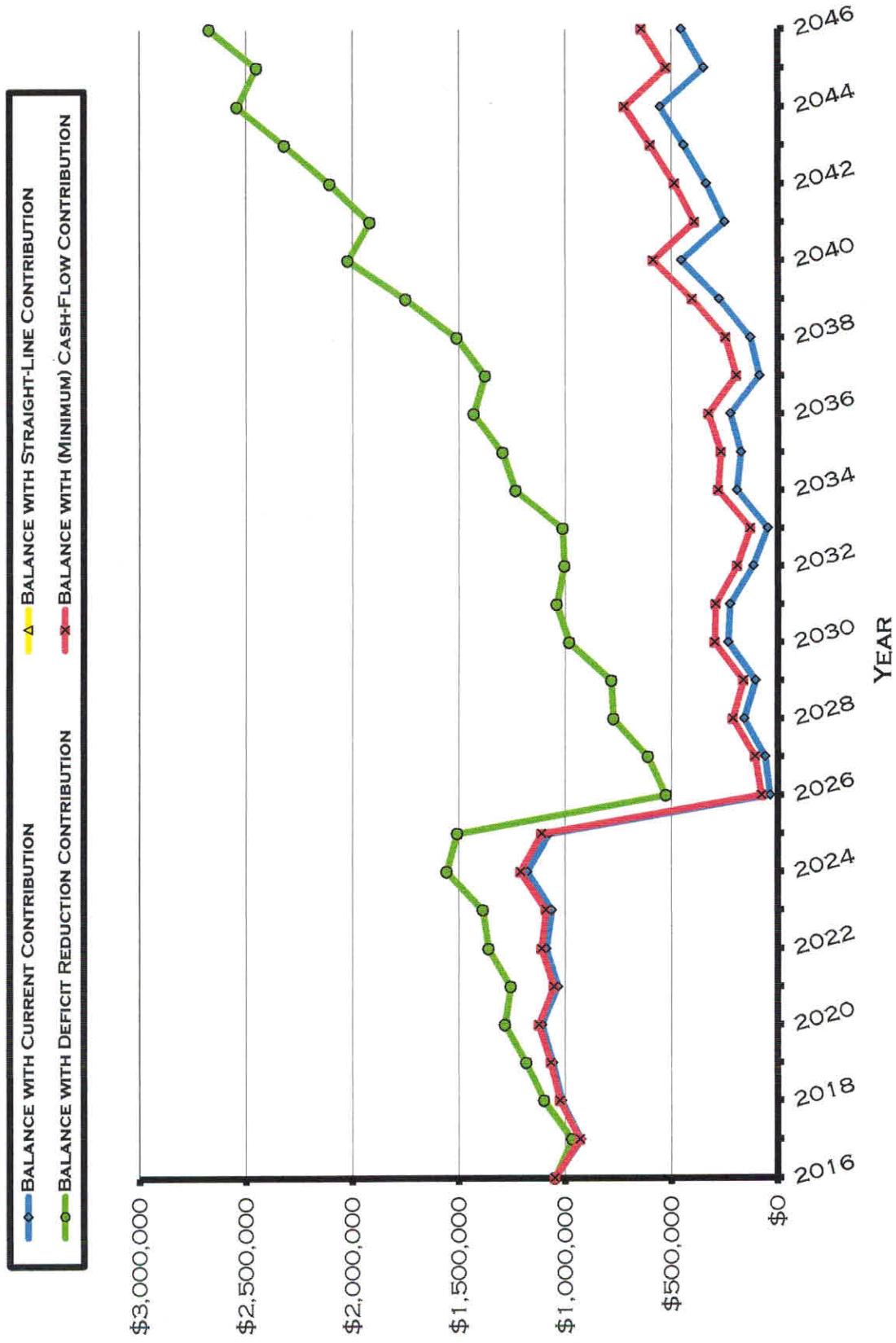
RECOMMENDATIONS FOR BUDGET YEAR 2017

RESERVE CONTRIBUTION MODELS:

2017 J.D. Brooks Recommendation in Box	<u>Annual</u>	<u>Monthly</u>	<u>Monthly Per Unit</u>
2017 Straight-Line Contribution:	\$124,382	\$10,365	\$32.70
2017 Deficit Reduction Contribution:	\$124,382	\$10,365	\$32.70
2017 Cash-Flow (Minimum) Contribution:	\$87,994	\$7,333	\$23.13

MOUNTAIN GLEN II HOA

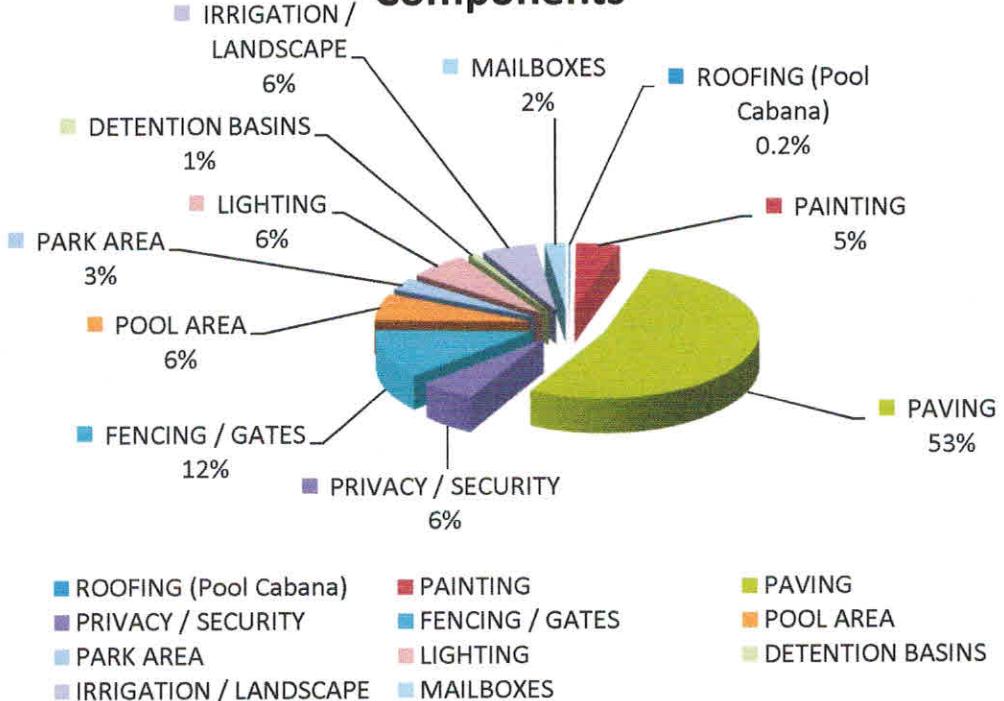
THIRTY-YEAR RESERVE BALANCE PROJECTIONS



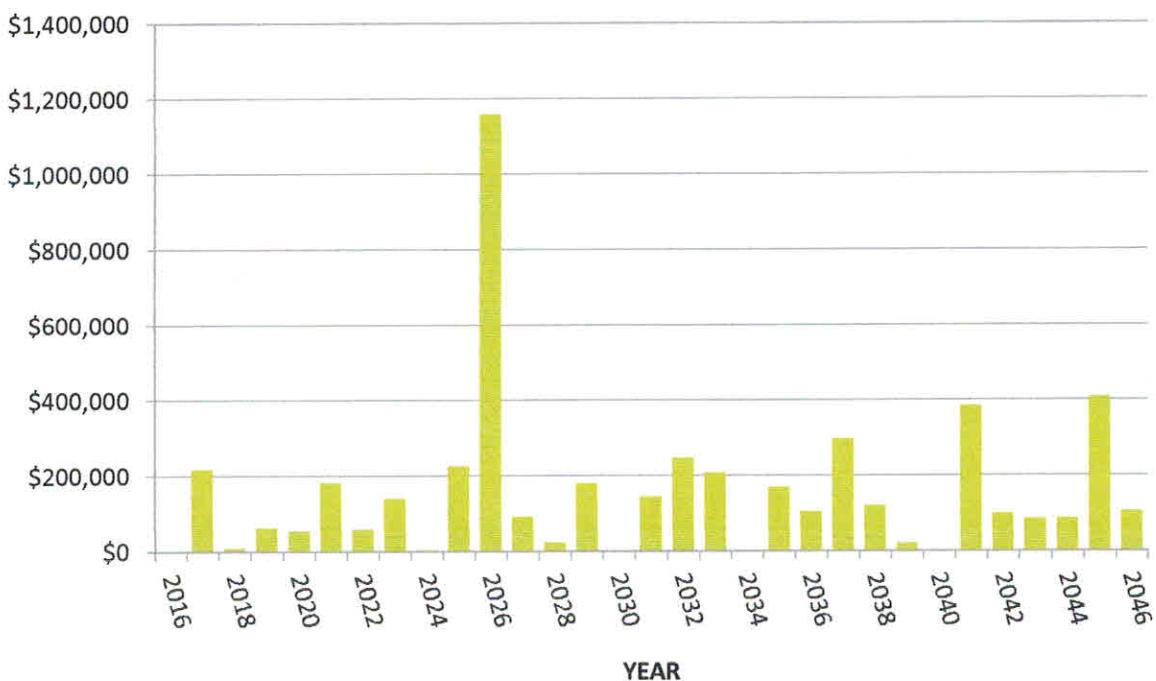
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RESERVE STUDIES

MOUNTAIN GLEN II HOA

Reserve Category Values As Percentage Of All Components



Projected Annual Reserve Expenses



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RESERVE COMPONENT INVENTORY		CURRENT FISCAL YEAR END: DECEMBER 31, 2016		NUMBER OF UNITS: 317		IDEAL ANNUAL CONTRIBUTION @ F.Y.E. 2016		PROJECTED BALANCE @ F.Y.E. 2016		DEFICIT REDUCTION ANNUAL CONTRIBUTION	
CATEGORY	RESERVE COMPONENT	QUANTITY	UNIT TYPE	UNIT COST	REPAIR / REPLACE COST	USEFUL LIFE	RIMING. LIFE	Straight-Line ANNUAL CONTRIBUTION	Ideal Balance @ F.Y.E. 2016	SURPLUS	CONTRIBUTION
ROOFING (POOL CABANA)	500 SqFT	6.10	3,050	30	15	102	102	1,627	1,627	-	102
TILE UNDERLAYMENT											
PAINTING											
STUCCO (CABANA)	1,500 SqFT	1.20	1,800	10	10	180	180	180	180	-	180
WOOD TRIM (CABANA)	900 SqFT	2.20	1,980	5	5	396	396	396	396	-	396
INTERIORS (CABANA)	2 ALLOW	1,050	2,100	10	1	210	2,100	2,100	2,100	-	210
METAL FENCING	6,200 LNFT	7.00	43,400	5	1	8,680	43,400	43,400	43,400	-	8,680
METAL AUTO GATES	1 ALLOW	3330	3,330	5	5	666	666	666	666	-	666
METAL LIGHT POLES	67 UNITS	100	6,700	5	5	1,340	1,340	1,340	1,340	-	1,340
WOOD FENCING	2,200 LNFT	5.50	12,100	5	5	2,420	2,420	2,420	2,420	-	2,420
PAVING											
ASPHALT SLURRY / PATCH	378,400 SqFT	0.18	68,112	4	1	17,028	68,112	68,112	68,112	-	17,028
ASPHALT OVERLAYMENT	378,400 SqFT	1.55	586,520	25	10	23,461	375,373	375,373	375,373	-	23,461
CONCRETE REPAIRS 5%	41,000 SqFT	11.20	22,960	25	10	918	14,694	14,694	14,694	-	918
PAVING (HARDING STREET)											
ASPHALT SLURRY / PATCH	86,500 SqFT	0.18	15,570	4	1	3,893	15,570	15,570	15,570	-	3,893
ASPHALT OVERLAYMENT	86,500 SqFT	1.55	134,075	25	10	5,363	85,808	85,808	85,808	-	5,363
PRIVACY / SECURITY											
ENTRANCE INTERCOMS	2 UNIT	3330	6,660	12	5	555	4,440	4,440	4,440	-	555
LOOP SYSTEMS	6 ALLOW	3120	18,720	20	5	936	14,976	14,976	14,976	-	936
SWING GATE OPERATORS	8 ALLOW	3020	24,160	10	7	2,416	9,664	9,664	9,664	-	2,416
ROLL GATE OPERATORS	2 ALLOW	3020	6,040	10	1	604	6,040	6,040	6,040	-	604
GATE OPS BATTERY PACKS	8 ALLOW	830	6,640	6	4	1,107	3,320	3,320	3,320	-	1,107
SPIKE STRIPS / SIGNS	2 ALLOW	2860	5,720	20	5	286	4,576	4,576	4,576	-	286
KEY SCANNERS	8 UNIT	715	5,720	10	2	572	5,148	5,148	5,148	-	572
POOL ENTRY SYSTEM	1 ALLOW	2960	2,960	10	2	296	2,664	2,664	2,664	-	296
SURVEILLANCE SYSTEM	1 ALLOW	13,000	13,000	6	3	2,167	8,667	8,667	8,667	-	2,167
FENCING / GATES											
METAL FENCING 25%	6,200 LNFT	47.00	72,850	10	9	7,285	14,570	14,570	14,570	-	7,285
METAL AUTO GATES	10 ALLOW	3960	39,600	30	15	1,320	21,120	21,120	21,120	-	1,320
METAL PEDESTRIAN GATES	4 ALLOW	870	3,480	30	15	116	1,856	1,856	1,856	-	116
CHAIN LINK FENCING	1 ALLOW	5500	5,500	25	10	220	3,520	3,520	3,520	-	220
WOOD FENCING	2,200 LNFT	24.50	53,900	22	7	2,450	39,200	39,200	39,200	-	2,450
ENTRY MONUMENTS	2 ALLOW	5200	10,400	30	15	347	5,547	5,547	5,547	-	347

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RESERVE STUDIES

MOUNTAIN GLEN II HOA**RESERVE COMPONENT
INVENTORY**

RESERVE COMPONENT	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
CATEGORY	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
RESERVE COMPONENT																

THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES

ROOFING (POOL CABANA)																4,105
TILE UNDERLAYMENT																
PAINTING																
STUCCO (CABANA)																
WOOD TRIM (CABANA)																2,665
INTERIORS (CABANA)	2,142															
METAL FENCING	44,268															
METAL AUTO GATES																
METAL LIGHT POLES																
WOOD FENCING																
PAVING																
ASPHALT SLURRY / PATCH																
ASPHALT OVERLAYMENT	69,474															
CONCRETE REPAIRS 5%																
PAVING (HARDING STREET)																
ASPHALT SLURRY / PATCH																
ASPHALT OVERLAYMENT	15,881															
PRIVACY / SECURITY																
ENTRANCE INTERCOMS																
LOOP SYSTEMS																
SWING GATE OPERATORS																
ROLL GATE OPERATORS																
GATE OPS BATTERY PACKS	6,161															
SPIKE STRIPS / SIGNS																
KEY SCANNERS	5,951															
POOL ENTRY SYSTEM	3,080															
SURVEILLANCE SYSTEM																
FENCING / GATES																
METAL FENCING 25%																
METAL AUTO GATES																53,296
METAL PEDESTRIAN GATES																4,684
CHAIN LINK FENCING																
WOOD FENCING																
ENTRY MONUMENTS																13,997

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MOUNTAIN GLEN II HOA**RESERVE COMPONENT
INVENTORY****THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES**

CATEGORY RESERVE COMPONENT	16 2032	17 2033	18 2034	19 2035	20 2036	21 2037	22 2038	23 2039	24 2040	25 2041	26 2042	27 2043	28 2044	29 2045	30 2046
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ROOFING (POOL CABANA)**TILE UNDERLAYMENT****PAINTING**

STUCCO (CABANA)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,260
WOOD TRIM (CABANA)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,586
INTERIORS (CABANA)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
METAL FENCING	59,579	-	-	-	-	-	-	-	-	-	-	-	-	-	-
METAL AUTO GATES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,032
METAL LIGHT POLES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,136
WOOD FENCING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,917

PAVING

ASPHALT SLURRY / PATCH	95,373
ASPHALT OVERLAYMENT	-
CONCRETE REPAIRS 5%	-

PAVING (HARDING STREET)

ASPHALT SLURRY / PATCH	21,802
ASPHALT OVERLAYMENT	-

PRIVACY / SECURITY

ENTRANCE INTERCOMS	9,326
LOOP SYSTEMS	33,830
SWING GATE OPERATORS	-
ROLL GATE OPERATORS	-
GATE OPS BATTERY PACKS	9,115
SPIKE STRIPS / SIGNS	-
KEY SCANNERS	-
POOL ENTRY SYSTEM	-
SURVEILLANCE SYSTEM	-

FENCING / GATES

METAL FENCING 25%	-
METAL AUTO GATES	-
METAL PEDESTRIAN GATES	-
CHAIN LINK FENCING	-
WOOD FENCING	-
ENTRY MONUMENTS	-

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RESERVE COMPONENT INVENTORY		CURRENT FISCAL YEAR END: DECEMBER 31, 2016		NUMBER OF UNITS: 317		IDEAL BALANCE @F.Y.E. 2016		PROJECTED BALANCE @F.Y.E. 2016		DEFICIT REDUCTION ANNUAL CONTRIBUTION	
CATEGORY	RESERVE COMPONENT	QUANTITY	UNIT TYPE	UNIT COST	REPAIR / REPLACE COST	USEFUL LIFE	RMING. LIFE	STRAIGHT-LINE ANNUAL CONTRIBUTION	BALANCE @F.Y.E. 2016	SURPLUS	CONTRIBUTION
POOL AREA											
POOL PLASTER	1,800	SQFT	6.60	11,880	12	1	990	11,880	11,880	-	-
POOL TILE / COPING	150	LNFT	28.60	4,290	25	10	172	2,746	2,746	172	990
POOL HEATER	1	UNIT	3370	3,370	10	6	337	1,685	1,685	-	337
POOL FILTER	1	UNIT	1,280	1,280	12	8	107	533	533	107	-
SPA PLASTER	1	ALLOW	3370	3,370	8	1	421	3,370	3,370	421	-
SPA TILE / COPING	50	LNFT	28.60	1,430	25	10	57	915	915	-	57
SPA HEATER	1	UNIT	3260	3,260	10	6	326	1,630	1,630	-	326
SPA FILTER	1	UNIT	1,280	1,280	12	8	107	533	533	107	-
POOL & SPA PUMPS	3	UNIT	920	2,760	8	1	345	2,760	2,760	-	345
DECK CAULKING	200	LNFT	7.65	1,530	5	1	306	1,530	1,530	-	306
POOL DECK COATING	4,400	SQFT	7.20	31,680	10	10	3,168	3,168	3,168	-	3,168
RESTROOMS REFURBISH	2	ALLOW	5100	10,200	25	10	408	6,528	6,528	-	408
SHOWER REFURBISH	1	ALLOW	2350	2,350	20	5	118	1,880	1,880	-	118
DRINKING FOUNTAINS	2	ALLOW	1230	2,460	12	4	205	1,845	1,845	-	205
WOOD TRELLIS REPLACE	1	ALLOW	11200	11,200	25	10	448	7,168	7,168	-	448
PATIO FURNITURE	1	ALLOW	10000	10,000	8	4	1,250	6,250	6,250	-	1,250
PARK AREA											
PICNIC TABLES	4	UNIT	1730	6,920	16	1	433	6,920	6,920	-	433
PARK BENCHES	2	UNIT	870	1,740	16	1	109	1,740	1,740	-	109
TRASH BINS	5	UNIT	660	3,300	16	1	206	3,300	3,300	-	206
BBQ GRILLS	3	UNIT	870	2,610	16	1	163	2,610	2,610	-	163
PLAYGROUND SURFACING	1	ALLOW	13260	13,260	12	10	1,105	3,315	3,315	-	1,105
PLAYGROUND EQUIPMENT	1	ALLOW	18370	18,870	12	10	1,573	4,718	4,718	-	1,573
LIGHTING											
ENTRANCE FIXTURES	14	UNIT	305	4,270	15	11	285	1,423	1,423	-	285
LANDSCAPE FIXTURES	1	ALLOW	3770	3,770	15	11	251	1,257	1,257	-	251
STREET POLES	67	UNIT	1330	89,110	20	16	4,456	22,278	22,278	-	4,456
DETENTION BASINS											
BASINS CLEAN-OUT	1	ALLOW	13060	13,060	2	1	6,530	13,060	13,060	-	6,530
IRRIGATION / LANDSCAPE											
IRRIGATION TIMERS	13	UNIT	2090	27,170	15	10	1,811	10,868	10,868	-	1,811
TIMER ENCLOSURES	11	UNIT	1790	19,690	25	10	788	12,602	12,602	-	788
BACKFLOW DEVICE	11	UNIT	1,020	11,220	20	5	561	8,976	8,976	-	561
TREE TRIMMING	1	ALLOW	9700	9,700	3	1	3,233	9,700	9,700	-	3,233
LANDSCAPE REFURBISH	1	ALLOW	20800	20,800	3	1	6,933	20,800	20,800	-	6,933

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RESERVE STUDIES

MOUNTAIN GLEN II HOA**RESERVE COMPONENT
INVENTORY****THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES**

CATEGORY RESERVE COMPONENT	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
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POOL AREA

POOL PLASTER	12,118	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,368
POOL TILE / COPING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
POOL HEATER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
POOL FILTER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SPA PLASTER	3,437	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SPA TILE / COPING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SPA HEATER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SPA FILTER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
POOL & SPA PUMPS	2,815	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DECK CAULKING	1,561	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
POOL DECK COATING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RESTROOMS REFURBISH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SHOWER REFURBISH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DRINKING FOUNTAINS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WOOD TRELLIS REPLACE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PATIO FURNITURE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

PARK AREA

PICNIC TABLES	7,058	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PARK BENCHES	1,775	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TRASH BINS	3,366	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BBQ GRILLS	2,662	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PLAYGROUND SURFACING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PLAYGROUND EQUIPMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LIGHTING																
ENTRANCE FIXTURES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LANDSCAPE FIXTURES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
STREET POLES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DETENTION BASINS																
BASINS CLEAN-OUT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IRRIGATION / LANDSCAPE																
IRRIGATION TIMERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TIMER ENCLOSURES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BACKFLOW DEVICE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TREE TRIMMING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LANDSCAPE REFURBISH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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RESERVE STUDIES

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MOUNTAIN GLEN II HOA**RESERVE COMPONENT
INVENTORY**

CATEGORY RESERVE COMPONENT	THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES													
	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045

POOL AREA

POOL PLASTER	-	-	-	-	-	-	-	-	-	-	-	-	-	-
POOL TILE / COPING	-	-	-	-	-	-	-	-	-	-	-	-	-	-
POOL HEATER	4,626	-	-	-	-	-	-	-	-	-	-	-	-	-
POOL FILTER	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SPA PLASTER	-	4,719	-	-	-	-	-	-	-	-	-	-	-	-
SPA TILE / COPING	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SPA HEATER	4,475	-	-	-	-	-	-	-	-	-	-	-	-	-
SPA FILTER	-	-	-	-	-	-	-	-	-	-	-	-	-	-
POOL & SPA PUMPS	-	3,865	-	-	-	-	-	-	-	-	-	-	-	-
DECK CAULKING	2,100	-	-	-	-	-	-	-	-	-	-	-	-	-
POOL DECK COATING	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RESTROOMS REFURBISH	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SHOWER REFURBISH	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DRINKING FOUNTAINS	3,377	-	-	-	-	-	-	-	-	-	-	-	-	-
WOOD TRELLIS REPLACE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PATIO FURNITURE	-	-	-	-	-	-	-	-	-	-	-	-	-	-

PARK AREA

PICNIC TABLES	-	9,690	-	-	-	-	-	-	-	-	-	-	-	-
PARK BENCHES	-	2,436	-	-	-	-	-	-	-	-	-	-	-	-
TRASH BINS	-	4,621	-	-	-	-	-	-	-	-	-	-	-	-
BBQ GRILLS	-	3,655	-	-	-	-	-	-	-	-	-	-	-	-
PLAYGROUND SURFACING	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PLAYGROUND EQUIPMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LIGHTING	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ENTRANCE FIXTURES	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LANDSCAPE FIXTURES	-	-	-	-	-	-	-	-	-	-	-	-	-	-
STREET POLES	122,329	-	-	-	-	-	-	-	-	-	-	-	-	-

DETENTION BASINS

BASINS CLEAN-OUT	-	18,287	-	19,026	-	19,795	-	20,594	-	21,426	-	22,292	-	23,193
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IRRIGATION / LANDSCAPE

IRRIGATION TIMERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TIMER ENCLOSURES	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BACKFLOW DEVICE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TREE TRIMMING	13,316	-	-	-	-	-	-	-	-	-	-	-	-	-
LANDSCAPE REFURBISH	28,554	-	-	-	-	-	-	-	-	-	-	-	-	-

J.D. BROOKS
RESERVE STUDIES

7/27/2016

MOUNTAIN GLEN II HOA

RESERVE COMPONENT
INVENTORY

CURRENT FISCAL YEAR END: DECEMBER 31, 2016
NUMBER OF UNITS: 317

CATEGORY RESERVE COMPONENT	QUANTITY	TYPE	UNIT	UNIT COST	REPAIR / REPLACE COST	USEFUL LIFE	RMNG. LIFE	STRAIGHT-LINE ANNUAL CONTRIBUTION	IDEAL BALANCE CONTRIBUTION @F.Y.E. 2016	PROJECTED BALANCE @F.Y.E. 2016	DEFICIT REDUCTION	ANNUAL CONTRIBUTION
MAILBOXES	317	UNIT	105	33,285	18	3	1,849	29,587	29,587	-	-	1,849
CONTINGENCY:	0%				PLUMBING & ELECTRICAL OPERATING MAINTENANCE EXPENSE							
TOTALS:				1,558,162			124,382	964,567	84,433	84,433	84,433	124,382

NET INTEREST ON RESERVE SAVINGS :
INFLATION RATE :
INCREASE TO ANNUAL RESERVE CONTRIBUTION:

BALANCE FORECAST TYPE	ANNUAL CONTRIBUTION
CURRENT ANNUAL CONTRIBUTION	84,630
STRAIGHT-LINE ANNUAL CONTRIBUTION	124,382
DEFICIT REDUCTION ANNUAL CONTRIBUTION	124,382
(CASH-FLOW) MINIMUM ANNUAL CONTRIBUTION	87,994

J.D. BROOKS
RESERVE STUDIES

7/27/2016

MOUNTAIN GLEN II HOA**RESERVE COMPONENT
INVENTORY****THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES**

CATEGORY	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
RESERVE COMPONENT	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
MAILBOXES	-	-	-	35,322	-	-	-	-	-	-	-	-	-	-	-	-
CONTINGENCY:	0%															
TOTALS:	0	217,150	9,031	62,977	53,689	182,750	58,065	139,703	2,999	225,540	1,157,917	92,221	23,691	179,969	0	143,604

BALANCE FORECAST TYPE

	CURRENT	ANNUAL CONTRIBUTION	Straight-Line ANNUAL CONTRIBUTION	DEFICIT REDUCTION ANNUAL CONTRIBUTION	(CASH-FLOW) MINIMUM ANNUAL CONTRIBUTION
	1,049,000	926,308	1,016,728	1,056,543	1,108,879
				1,034,904	1,088,456
				1,063,544	1,178,907
				1,075,003	1,075,003
				36,352	36,352
				61,766	61,766
				159,840	159,840
				105,473	105,473
				235,178	235,178
				225,718	225,718

J.D. BROOKS
RESERVE STUDIES

7/27/2016

MOUNTAIN GLEN II HOA**RESERVE COMPONENT
INVENTORY**

THIRTY-YEAR PROJECTED ANNUAL RESERVE EXPENSES															
CATEGORY	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
RESERVE COMPONENT	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
MAILBOXES															
CONTINGENCY:	0%														
TOTALS:	247,472	207,603	0	169,587	104,239	297,218	120,509	20,594	0	384,791	99,736	85,720	86,355	408,714	104,316

MAILBOXES

50,449

CONTINGENCY: 0%

THIRTY-YEAR PROJECTED ANNUAL RESERVE BALANCES																
BALANCE FORECAST TYPE		ANNUAL CONTRIBUTION														
CURRENT		115,751	48,848	194,134	174,781	225,384	87,158	129,888	278,350	454,029	249,936	335,626	441,762	553,988	349,204	454,304
STRAIGHT-LINE ANNUAL CONTRIBUTION																
DEFICIT REDUCTION	1,003,439	1,011,445	1,234,369	1,295,472	1,429,437	1,377,571	1,509,755	1,750,860	2,022,475	1,917,715	2,106,239	2,318,822	2,541,223	2,450,456	2,673,539	
ANNUAL CONTRIBUTION	1,003,439	1,011,445	1,234,369	1,295,472	1,429,437	1,377,571	1,509,755	1,750,860	2,022,475	1,917,715	2,106,239	2,318,822	2,541,223	2,450,456	2,673,539	
(CASH-FLOW) MINIMUM ANNUAL CONTRIBUTION	190,878	130,315	282,171	269,628	327,286	196,369	246,670	402,972	586,770	391,085	485,478	600,622	722,173	527,038	642,123	

BALANCE FORECAST TYPE

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J.D. BROOKS
RESERVE STUDIES

RESERVE STUDY DEFINITIONS

CASH-FLOW (MINIMUM) CONTRIBUTION:

Calculated by not allowing the Reserve Balance to ever fall below (5% of the Total Replacement Cost of all the components) over a thirty-year period.
This Funding Plan should keep the Reserve Fund Balance just above \$0.

DEFICIT REDUCTION ANNUAL CONTRIBUTION:

Equals (the Straight-Line Annual Contribution) plus {(the Underfunded Balance if any) divided by (the Remaining Life)}.

F.Y.E. (FISCAL YEAR END):

End of the accounting budget year.

IDEAL BALANCE AT F.Y.E.:

Equals (the Straight-Line Annual Contribution) multiplied by (the age) of the component.

INCREASE TO ANNUAL RESERVE CONTRIBUTION:

Average Rate of Increase to the Reserve Contribution amount over the next thirty years.

INFLATION RATE:

Average Inflation Rate for the region and year.

NET INTEREST ON RESERVE SAVINGS:

Average amount (after tax) of interest re-invested back into the Reserve Account over the next thirty years. (forecast estimate)

PERCENT FUNDED:

Equals (the Projected Reserve Balance at Fiscal Year End) divided by (the Ideal Reserve Balance at Fiscal Year End).

PROJECTED BALANCE AT F.Y.E.:

Projected Reserve Balances for each Reserve Component. Calculated according to priority (need) of replacement.

RESERVE COMPONENT:

Common Area item that requires replacement within thirty-years.

RMNG. LIFE (REMAINING LIFE):

Life-span remaining for the Reserve Component.

Straight-Line Annual Contribution:

Equals (the Repair/Replace Cost) divided by (the Useful Life).

SURPLUS / DEFICIT:

Equals (the Ideal Balance at F.Y.E.) minus (the Projected Balance at F.Y.E.).

UNIT COST:

Cost per unit of measure.

UNIT TYPE:

Unit of measure.

USEFUL LIFE:

Expected life-span of the Reserve Component.

Civil Code §5300. Annual Budget Report.

(a) Notwithstanding a contrary provision in the governing documents, an association shall distribute an annual budget report 30 to 90 days before the end of its fiscal year. [Old: Civ. Code §1365(a)(4)]

(b) Unless the governing documents impose more stringent standards, the annual budget report shall include all of the following information: [Old: Civ. Code §1365 (intro)]

(1) A pro forma operating budget, showing the estimated revenue and expenses on an accrual basis. [Old: Civ. Code §1365(a)(1)]

(2) A summary of the association's reserves, prepared pursuant to **Section 5565**. [Old: Civ. Code §1365(a)(2) (intro)]

(3) A summary of the reserve funding plan adopted by the board, as specified in paragraph (5) of subdivision (b) of **Section 5550**. The summary shall include notice to members that the full reserve study plan is available upon request, and the association shall provide the full reserve plan to any member upon request. [Old: Civ. Code §1365(b)]

(4) A statement as to whether the board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement. [Old: Civ. Code §1365(a)(3)(A)]

(5) A statement as to whether the board, consistent with the reserve funding plan adopted pursuant to **Section 5560**, has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date, and duration of the assessment. [Old: Civ. Code §1365(a)(3)(B)]

(6) A statement as to the mechanism or mechanisms by which the board will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacements or repairs, or alternative mechanisms. [Old: Civ. Code §1365(a)(3)(C)]

(7) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the association is obligated to maintain. The statement shall include, but need not be limited to, reserve calculations made using the formula described in paragraph (4) of subdivision (b) of **Section 5570**, and may not assume a rate of return on cash reserves in excess of 2 percent above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made. [Old: Civ. Code §1365(a)(4)]

(8) A statement as to whether the association has any outstanding loans with an original term of more than one year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired. [Old: Civ. Code §1365(a)(3)(D), §1365(f)(1), §1365(f)(3)]

(9) A summary of the association's property, general liability, earthquake, flood, and fidelity insurance policies. For each policy, the summary shall include the name of the insurer, the type of insurance, the policy limit, and the amount of the deductible, if any. To the extent that any of the required information is specified in the insurance policy declaration page, the association may meet its obligation to disclose that information by making copies of that page and distributing it with the annual budget report. The summary distributed pursuant to this paragraph shall contain, in at least 10-point boldface type, the following statement: This summary of the association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage. [Old: Civ. Code §1365(f)(4)]

(c) The annual budget report shall be made available to the members pursuant to **Section 5320**.

(d) The summary of the association's reserves disclosed pursuant to paragraph (2) of subdivision (b) shall not be admissible in evidence to show improper financial management of an association, provided that other relevant and competent evidence of the financial condition of the association is not made inadmissible by this provision. [**Old: Civ. Code §1365(a)(4)**]

(e) The Assessment and Reserve Funding Disclosure Summary form, prepared pursuant to **Section 5570**, shall accompany each annual budget report or summary of the annual budget report that is delivered pursuant to this article. [**Old: Civ. Code §1365.2.5(b)(3)**]

Civil Code §5550. Visual Inspection of Major Components.

[**Old: Civ. Code §1365.5(e)(1)-(5)**]

(a) At least once every three years, the board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components that the association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the common interest development, if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the association, excluding the association's reserve account for that period. The board shall review this study, or cause it to be reviewed, annually and shall consider and implement necessary adjustments to the board's analysis of the reserve account requirements as a result of that review.

(b) The study required by this section shall at a minimum include:

(1) Identification of the major components that the association is obligated to repair, replace, restore, or maintain that, as of the date of the study, have a remaining useful life of less than 30 years.

(2) Identification of the probable remaining useful life of the components identified in paragraph (1) as of the date of the study.

- (3) An estimate of the cost of repair, replacement, restoration, or maintenance of the components identified in paragraph (1).
- (4) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in paragraph (1) during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.
- (5) A reserve funding plan that indicates how the association plans to fund the contribution identified in paragraph (4) to meet the association's obligation for the repair and replacement of all major components with an expected remaining life of 30 years or less, not including those components that the board has determined will not be replaced or repaired.

Civil Code §5560. Reserve Funding Plan.

[Old: Civ. Code §1365.5(e)(5)]

- (a) The reserve funding plan required by **Section 5550** shall include a schedule of the date and amount of any change in regular or special assessments that would be needed to sufficiently fund the reserve funding plan.
- (b) The plan shall be adopted by the board at an open meeting before the membership of the association as described in Article 2 (commencing with **Section 4900**) of Chapter 6.
- (c) If the board determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the board that is consistent with the procedure described in **Section 5605**.

Civil Code §5565. Summary of Association Reserves.

[Old: Civ. Code §1365(a)(2)(A)-(D)]

The summary of the association's reserves required by paragraph (2) of subdivision (b) of **Section 5300** shall be based on the most recent review or study conducted pursuant to

Section 5550, shall be based only on assets held in cash or cash equivalents, shall be printed in boldface type, and shall include all of the following:

- (a) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component.
- (b) As of the end of the fiscal year for which the study is prepared:
 - (1) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components.
 - (2) The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components.
 - (3) If applicable, the amount of funds received from either a compensatory damage award or settlement to an association from any person for injuries to property, real or personal, arising out of any construction or design defects, and the expenditure or disposition of funds, including the amounts expended for the direct and indirect costs of repair of construction or design defects. These amounts shall be reported at the end of the fiscal year for which the study is prepared as separate line items under cash reserves pursuant to paragraph (2). Instead of complying with the requirements set forth in this paragraph, an association that is obligated to issue a review of its financial statement pursuant to **Section 5305** may include in the review a statement containing all of the information required by this paragraph.
- (c) The percentage that the amount determined for purposes of paragraph (2) of subdivision (b) equals the amount determined for purposes of paragraph (1) of subdivision (b).
- (d) The current deficiency in reserve funding expressed on a per unit basis. The figure shall be calculated by subtracting the amount determined for purposes of paragraph (2) of subdivision (b) from the amount determined for purposes of paragraph (1) of subdivision (b) and then dividing the result by the number of separate interests within the association, except that if assessments vary by the size or type of ownership interest, then the association shall calculate the current deficiency in a manner that reflects the variation.