

RDA REPORT

The Bungalows Community Association
Claremont, California
Account 13067 - Version 006
October 31, 2022

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Prepared By



RDA Reserve Management Software
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Reserve Data Analysis, California LLC



"Innovators in Reserve Planning"

November 1, 2022

Ms. Reina Nunez, Manager
The Bungalows Community Association
Condominium Management Services
POST OFFICE BOX 5022
UPLAND, CA91785

Dear Ms. Nunez:

Enclosed is the completed reserve analysis study for The Bungalows Community Association for the fiscal year beginning January 1, 2023. Your RDA REPORT is presented in three parts:

Part 1 offers an easy-to-understand introduction to reserve budgeting and terminology along with a Users' Guide to your reserve analysis study.

Part 2 is your reserve analysis study, including a report summary, a distribution of accumulated reserves, an asset listing/summary, detail reports for each asset, 30-year projections with graphs, and an alphabetical detail report index.

Part 3 includes the most recent legislation affecting community associations along with a section for personal notations.

We hope that you find our report format both informative and useful. All of us at RDA have enjoyed serving you and providing The Bungalows Community Association with the most detailed, comprehensive and useful reserve analysis study available. If you have any additional questions or comments, please feel free to call us.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Takkinen'.

Shaun Takkinen RS
Reserve Specialist



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This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the organization, its contractors, assorted vendors, specialist and independent contractors, the Community Organizations Institute, various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and the McGraw Hill Book Company. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and preparation of reserve analysis studies.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and each estimated useful life will approximate that of the norm per industry standards and/or manufacture specifications used. In some cases, estimates may have been used on assets which have an indeterminable but potential liability to the organization.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the organization and subsequent computations made in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

Reserve Data Analysis, California LLC, would like to thank you for using our services, and we invite you to call us at any time should you have any questions or comments or need assistance.

RESERVE DATA ANALYSIS, CALIFORNIA, LLC

(714) 434-8396

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PART I - INTRODUCTION

Preparing the annual budget and overseeing the organization's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the organization and set the level and quality of service for all of the organization's activities.

1. The Reserve Study

There are two components of a reserve study – a physical analysis and a financial analysis. During the physical analysis, a reserve provider evaluates information regarding the physical status and repair/replacement cost of the organization's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates. A financial analysis assesses the organization's reserve balance or "fund status" (measured in cash or as percent funded) to determine a recommendation for an appropriate reserve contribution rate in the future known as the "funding plan."

Reserve studies fit into one of three categories: 1) Full Study; 2) Update - with site inspection; and 3) Update - without site inspection.

- In a Full reserve study, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a "fund status" and "funding plan."
- In an Update – with site inspection, the reserve provider conducts a component inventory (verification only, not quantification), a condition assessment (based on on-site visual observations), and life and valuation estimates to determine both the "fund status" and "funding plan."
- In an Update – without site inspection, the reserve provider conducts life and valuation estimates to determine the "fund status" and "funding plan."

2. Developing a Component List

The budget process begins with an accurate inventory of all the major components for which the organization is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the organization, subjective determinations should be minimized. We suggest the following considerations when labeling an expense:

OPERATIONAL EXPENSES occur at least annually, no matter how large the expense, and can be effectively budgeted for each year. They are characterized as being reasonably predictable both in terms of frequency and cost. Operational expenses include all minor expenses which would not otherwise adversely affect an operational budget from one year to the next. Examples of Operational Expenses include:

Utilities:

- Electricity
- Gas
- Water
- Telephone
- Cable TV

Services:

- Landscaping
- Pool Maintenance
- Street Sweeping
- Accounting
- Reserve Study

Administrative:

- Supplies
- Bank Service Charges
- Dues & Publications
- Licenses, Permits & Fees

Repair Expenses:

- Roof Maintenance Repairs
- Equipment Repairs
- Minor Concrete Repairs
- Operating Contingency

RESERVE EXPENSES are major expenses that occur other than annually and which must be budgeted for in advance in order to provide the necessary funds in time for their occurrence. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets which have an indeterminable but potential liability which may be demonstrated as a likely occurrence. They are expenses that when incurred would have a significant affect on the smooth operation of the budgetary process from one year to the next if they were not reserved for in advance. Examples of Reserve Expenses include:

- Roof Replacements
- Painting
- Decks
- Pool Equipment Replacement
- Pool Furniture Replacement
- Tennis Court Resurfacing

- Fencing Replacement
- Street Slurry Coating
- Asphalt Overlays
- Pool Re-plastering
- Park & Play Equipment
- Equipment Replacement
- Interior Furnishings
- Lighting Replacement

BUDGETING IS NORMALLY EXCLUDED FOR repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an organization's governing documents. Examples include the complete replacement of elevators, wiring and plumbing. Also excluded are insignificant expenses which may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Costs which are caused by acts of God, accidents or other occurrences which are more properly insured for, rather than reserved for, are also excluded.

3. Preparing the Reserve Study

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufacture quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study the organization should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The organization can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

4. Funding Methods

From the simplest to most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash-flow method and the component method.

The cash flow method develops a reserve-funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based on the individual lives of the components under consideration.

The component method develops a reserve-funding plan where the total contribution is based on the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the organization will achieve and maintain an ideal level of reserves over time. This method also allows for computations on individual components in the analysis. The RDA Summary and RDA Projection Reports are based upon the component methodology.

5. Funding Strategies

Once an organization has established its funding goals, the organization can select an appropriate funding plan. There are four basic strategies from which most organizations select. It is recommended that organizations consult professionals to determine the best strategy or combination of plans that best suit the organization's need. Additionally, organizations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below. Organizations will have to update their reserve studies more or less frequently depending on the funding strategy they select.

- Full Funding — Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an organization has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect that three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of an organization's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. The formula is based on current replacement cost, and is a measure in time, independent of future inflationary or investment factors:

$$\text{Fully Funded Reserves} = \frac{\text{Age of Component}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

When an organization's total accumulated reserves for all components meet this criteria, its reserves are "fully-funded."

- **Baseline Funding (RDA Cash Flow Minimum Reports)** — The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. An organization using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance.
- **Threshold Funding (RDA Cash Flow Specific Reports)** — This method is based on the baseline funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount.
- **Statutory Funding** — This method is based on local statutes. To use it, organizations set aside a specific minimum amount of reserves as required by statutes.

6. Distribution of Accumulated Reserves

The "Distribution of Accumulated Reserves Report" can be viewed and printed after performing the "RDA Summary Calculations," which is a "Component or Segregated Calculation Process," as opposed to the "Cash Flow Calculation Process," also available to the user in the program.

When calculating reserves based upon the component methodology, a beginning reserve balance must be allocated for each of the individual components considered in the analysis before the individual calculations can be completed. When this distribution is not available, or of sufficient detail, the following method is suggested for allocating reserves:

The first step the program performs in this process is subtracting, from the total accumulated reserves, any amounts for assets which have predetermined (fixed) reserve balances. The user can "fix" the accumulated reserve balance within the program on the individual asset's detail page. If by error these amounts total more than the amount of funds available, then the remaining assets are adjusted accordingly. A provision for a contingency reserve is then deducted by the determined percentage used, and if there are sufficient remaining funds available.

The second step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component's age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

$$\text{Fully Funded Reserves} = \frac{\text{Age of Component}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

The RDA RESERVE MANAGEMENT SOFTWARE™ program performs the above calculations to the very month the component was placed-in-service. It also allows for the accumulation of the necessary reserves for the replacement to be available on the first day of the fiscal year it is scheduled to be replaced.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available are depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (schedule for replacement this fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjust the zero remaining life item to 1 year and that asset assumes its new grouping position alphabetically in the final printed report.

If at the completion of this task there are additional moneys which have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such and are not factored into any of the report computations. If at the end of this assignment process there are designated excess funds, they can be used to offset the monthly contribution requirements recommended, or used in any other manner the client may desire.

Assigning the reserves in this manner defers the make-up period for any underfunding over the longest remaining life of all the assets under consideration, thereby minimizing the impact of deficiency. For example, if the report indicates an underfunding of \$50,000, this underfunding will be assigned to components with the longest remaining life possible in order to give more time to "replenish" the account. If the \$50,000 underfunding were to be assigned to short remaining life items, the impact would be immediately felt.

If the reserves are underfunded, the monthly contribution requirements as outlined in this report can be expected to be higher than normal. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes which may be under consideration.

7. Funding Reserves

Two contribution numbers are provided in the report, the “Monthly Membership Contribution” and the “Net Monthly Allocation.” The organization should contribute to reserves each month the “Monthly Membership Contribution” figure, when the interest earned on the reserves is left in the reserve accounts as part of the contribution. When interest is earned on the reserves, that interest must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the “Net Monthly Allocation” to reserves (this is the member contribution plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid the amount due will be taken directly from the organization's operating accounts as the reserve accounts are allocated only those moneys net of taxes.

8. Users' Guide to Your Reserve Analysis Study

Part II of your RDA REPORT contains the reserve analysis study for your organization. There are seven types of pages in the study as described below.

REPORT SUMMARY

The **Report Summary** lists all of the parameters which were used in calculating the report as well as the summary of your reserve analysis study.

INDEX REPORTS

The **Distribution of Accumulated Reserves** report lists all assets in remaining life order. It also identifies the ideal level of reserves which should have accumulated for the organization as well as the actual reserves available.

The **Asset Listing/Summary** lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

DETAIL REPORTS

The **Detail Report** itemizes each asset and lists all measurements, current and future costs and calculations for that asset. Provisions for percentage replacements, salvage values and one-time replacements can also be utilized.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufacture quality, usage, exposure to elements and maintenance history.

The **Detail Report Index** is an alphabetical listing of all assets together with the page number of the asset's detail report and asset number.

PROJECTIONS AND CHARTS

Thirty-year Projections as well as **Charts and Graphs** of projected data add to the usefulness of your reserve analysis study.

REPORT I.D. - Includes the REPORT DATE (ex. November 15, 2012), VERSION (ex. 001), and ACCOUNT NUMBER (ex. 9773). Please use this information when referencing your report. (Displayed on the summary page.)

BUDGET YEAR BEGINNING/ENDING - The budgetary year for which the report is prepared. For organizations with fiscal years ending December 31, the monthly contribution figures indicated are for the 12 month period beginning 1/1/2X and ending 12/31/2X.

NUMBER OF UNITS/PHASES - If applicable, the number of units and/or phases included in this version of the report.

INFLATION - This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement and the total is used in calculating the monthly reserve contribution which will be necessary in order to accumulate the required funds in time for replacement.

ANNUAL CONTRIBUTION INCREASE - The percentage rate at which the organization will increase its contribution to reserves at the end of each year until the year in which the asset is replaced. For example, in order to accumulate \$10,000 in 10 years, you could set aside \$1,000 per year. As an alternative, you could set aside \$795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should

be equal to the rate of inflation. It can, however, be used to aid those organizations that have not set aside appropriate reserves in the past by making the initial year's allocation less formidable.

INVESTMENT YIELD - The average interest rate anticipated by the organization based upon its current investment practices.

TAXES ON YIELD - The estimated percentage of interest income which will be set aside for taxes.

ACCUMULATED RESERVE BALANCE - The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. Based upon information provided and not audited.

PERCENT FULLY FUNDED - The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

PHASE INCREMENT DETAIL/AGE - Comments regarding aging of the components on the basis of construction date or date of acceptance by the organization.

MONTHLY CONTRIBUTION - The contribution to reserves required by the organization each month.

INTEREST CONTRIBUTION - The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

NET MONTHLY ALLOCATION - The sum of the monthly contribution and interest contribution figures.

GROUP OR FACILITY NUMBER/CATEGORY NUMBER - The report may be prepared and sorted either by group or facility (location, building, phase, etc.) or by category (roofing, painting, etc.). Standard report printing format is by category.

PERCENTAGE OF REPLACEMENT - In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

PLACED-IN-SERVICE - The month and year that the asset was placed-in-service. - This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

ESTIMATED USEFUL LIFE - The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, organization standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

ADJUSTMENT TO USEFUL LIFE - Once the useful life is determined it may be adjusted +/- by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

ESTIMATED REMAINING LIFE - This calculation is completed internally based upon the report's fiscal year date and the date the asset was placed-in-service.

REPLACEMENT YEAR - The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

FIXED ACCUMULATED RESERVES - An optional figure which, if used, will override the normal process of allocating reserves to each asset.

FIXED MONTHLY CONTRIBUTION - An optional figure which, if used, will override all calculations and set the contribution at this amount.

SALVAGE VALUE - The salvage value of the asset at the time of replacement, if applicable.

ONE-TIME REPLACEMENT - Notation if the asset is to be replaced on a one-time basis.

CURRENT REPLACEMENT COST - The estimated replacement cost effective as of the beginning of the fiscal year for which the report is being prepared.

FUTURE REPLACEMENT COST - The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

COMPONENT INVENTORY - The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of organization design and organizational documents, a review of established organization precedents and discussion with appropriate organization representative(s).

8. A Multi-Purpose Tool

Your RDA REPORT is an important part of your organization's budgetary process. Following its recommendations should ensure the organization's smooth budgetary transitions from one fiscal year to the next.

In addition, your RDA reserve study serves a variety of useful purposes:

- Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.
- A reserve analysis study is required by your accountant during the preparation of the organization's annual audit.
- A reserve study is often requested by lending institutions during the process of loan applications.
- Your RDA REPORT is also a detailed inventory of the organization's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your RDA REPORT is a tool, which can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the buildings in a state of good repair.
- Since the RDA reserve analysis study includes precise measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- The reserve study is an annual disclosure to the board of directors concerning the financial condition of the organization

The Bungalows Community Association
 Claremont, California
RDA Reserve Analysis Report Summary

Report Date	October 31, 2022	Parameters:	
Version	006	Inflation	3.00%
Account Number	13067	Annual Contribution Increase	3.00%
Budget Year Beginning	1/ 1/23	Investment Yield	1.00%
Ending	12/31/23	Taxes on Yield	30.00%
Total Units Included	54	Contingency	3.00%
Phase Development	1 of 1	Reserve Fund Balance as of	
		1/ 1/23:	\$104,032.00

Project Profile & Introduction

For budgeting purposes, unless otherwise indicated within this report, we have used February 1999 as the basis for aging all of the original components examined in this analysis.

RDA On-Site Inspection: October 28, 2022

RDA Summary of Calculations

Monthly Contribution to Reserves Required:	\$2,278.42
(\$42.19 per unit per month)	
Average Net Monthly Interest Contribution This Year:	55.14
Net Monthly Allocation to Reserves 1/ 1/23 to 12/31/23:	\$2,333.56
(\$43.21 per unit per month)	

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The Bungalows Community Association
Distribution of Accumulated Reserves

REPORT DATE: October 31, 2022
 VERSION: 006
 ACCOUNT NUMBER: 13067

DESCRIPTION	REM LIFE	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Landscape - Tree Trim/Removal	0	3,500.00	3,500.00
Paint - Woodwork, Gazebo	0	1,500.00	1,500.00
Park Area - Furniture, Bench	0	1,378.00	1,378.00
Park Area - Play Platform	0	15,000.00	15,000.00
Park Area - Sand Replacement	0	1,000.00	1,000.00
Streets - Asphalt Repairs	1	3,053.63	3,053.63
Streets - Asphalt Slurry Sealing	1	5,132.16	5,132.16
Irrigation - Controllers	3	6,728.06	6,728.06
Park Area - Furniture, Replace	3	4,707.51	4,707.51
Signs - Traffic	3	2,522.58	2,522.58
Streets - Concrete, Repairs	3	14,785.96	14,785.96
Mailboxes - Pedestal Sets	5	6,511.44	6,511.44
Irrigation - Backflow Devices	6	2,303.99	2,303.99
Park Area - Lighting	6	1,519.13	1,519.13
Signs - Address	8	1,020.36	1,020.36
Streets - Asphalt Overlay	8	70,134.75	30,339.12
Fencing - Vinyl, Park Area	9	3,436.62	0.00
Walls - Block, Repairs	9	11,703.29	0.00
Signs - Monument	11	4,944.07	0.00
Irrigation - Enclosures	12	4,055.29	0.00
Park Area - Gazebo	14	5,111.41	0.00
Lighting - Street, Unfunded	75	0.00	0.00
Total Asset Summary:		170,048.25	101,001.94
Contingency @ 3.00%:		5,101.45	3,030.06
Grand Total:		175,149.70	104,032.00
Excess Reserves Not Used:			0.00
Percent Fully Funded:	59%		

The Bungalows Community Association
Funding Status Report

REPORT DATE: October 31, 2022
 VERSION: 006
 ACCOUNT NUMBER: 13067

DESCRIPTION	USE	+/-	REM	CURRENT	FULLY	ASSIGNED
	LIFE		LIFE	COST	FUNDED	RESERVES
Streets - Asphalt Overlay	20	+12	8	93,513	70,135	30,339
Streets - Asphalt Repairs	4	0	1	4,072	3,054	3,054
Streets - Asphalt Slurry Sealing	4	0	1	6,843	5,132	5,132
Streets - Concrete, Repairs	25	+2	3	16,641	14,786	14,786
*** CATEGORY SUMMARY:				121,068	93,107	53,311
Paint - Woodwork, Gazebo	5	0	0	1,500	1,500	1,500
*** CATEGORY SUMMARY:				1,500	1,500	1,500
Fencing - Vinyl, Park Area	20	0	9	6,270	3,437	0
Walls - Block, Repairs	30	+3	9	16,107	11,703	0
*** CATEGORY SUMMARY:				22,377	15,140	0
Lighting - Street, Unfunded	99	0	75	0	0	0
*** CATEGORY SUMMARY:				0	0	0
Park Area - Furniture, Bench	18	0	0	1,378	1,378	1,378
Park Area - Furniture, Replace	18	+9	3	5,298	4,708	4,708
Park Area - Gazebo	20	0	14	17,206	5,111	0
Park Area - Lighting	18	0	6	2,284	1,519	1,519
Park Area - Play Platform	16	0	0	15,000	15,000	15,000
Park Area - Sand Replacement	5	0	0	1,000	1,000	1,000
*** CATEGORY SUMMARY:				42,166	28,716	23,605
Mailboxes - Pedestal Sets	18	0	5	9,032	6,511	6,511
Signs - Address	14	0	8	2,400	1,020	1,020
Signs - Monument	35	0	11	7,218	4,944	0
Signs - Traffic	20	+7	3	2,839	2,523	2,523
*** CATEGORY SUMMARY:				21,489	14,998	10,054
Irrigation - Backflow Devices	30	0	6	2,882	2,304	2,304
Irrigation - Controllers	15	+12	3	7,572	6,728	6,728
Irrigation - Enclosures	30	+6	12	6,090	4,055	0
*** CATEGORY SUMMARY:				16,544	13,087	9,032
Landscape - Tree Trim/Removal	1	0	0	3,500	3,500	3,500
*** CATEGORY SUMMARY:				3,500	3,500	3,500

The Bungalows Community Association
Funding Status Report

DESCRIPTION	USE +/- REM LIFE LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
TOTAL ASSET SUMMARY:		228,644	170,048	101,002
CONTINGENCY @ 3.00%:			5,101	3,030
GRAND TOTAL:			175,150	104,032

Percent Fully Funded: 59%

The Bungalows Community Association
Asset Listing - Summary by Category

REPORT DATE: October 31, 2022
 VERSION: 006
 ACCOUNT NUMBER: 13067

DESCRIPTION	REM LIFE	CURRENT COST	MONTHLY CONTRIBUTION	NET MONTHLY ALLOCATION
Streets - Asphalt Overlay	8	93,513	788.07	808.36
Streets - Asphalt Repairs	1	4,072	92.92	95.01
Streets - Asphalt Slurry Sealing	1	6,843	156.16	159.67
Streets - Concrete, Repairs	3	16,641	82.31	91.23
*** CATEGORY SUMMARY:		121,068	1,119.46	1,154.27
Paint - Woodwork, Gazebo	0	1,500	26.84	26.93
*** CATEGORY SUMMARY:		1,500	26.84	26.93
Fencing - Vinyl, Park Area	9	6,270	65.12	65.33
Walls - Block, Repairs	9	16,107	167.30	167.84
*** CATEGORY SUMMARY:		22,377	232.42	233.17
Lighting - Street, Unfunded	75	0	0.00	0.00
*** CATEGORY SUMMARY:		0	0.00	0.00
Park Area - Furniture, Bench	0	1,378	7.88	7.91
Park Area - Furniture, Replace	3	5,298	26.21	29.05
Park Area - Gazebo	14	17,206	121.26	121.65
Park Area - Lighting	6	2,284	14.43	15.37
Park Area - Play Platform	0	15,000	94.49	94.79
Park Area - Sand Replacement	0	1,000	17.89	17.95
*** CATEGORY SUMMARY:		42,166	282.16	286.72
Mailboxes - Pedestal Sets	5	9,032	57.53	61.53
Signs - Address	8	2,400	17.89	18.54
Signs - Monument	11	7,218	62.69	62.89
Signs - Traffic	3	2,839	14.04	15.56
*** CATEGORY SUMMARY:		21,489	152.15	158.52
Irrigation - Backflow Devices	6	2,882	13.11	14.50
Irrigation - Controllers	3	7,572	37.46	41.52
Irrigation - Enclosures	12	6,090	49.01	49.17
*** CATEGORY SUMMARY:		16,544	99.58	105.19
Landscape - Tree Trim/Removal	0	3,500	299.45	300.41
*** CATEGORY SUMMARY:		3,500	299.45	300.41
TOTAL ASSET SUMMARY:		228,644	2,212.06	2,265.21
CONTINGENCY @ 3.00%:			66.36	68.35
GRAND TOTAL:			2,278.42	2,333.56

The Bungalows Community Association
RDA Standard Projections

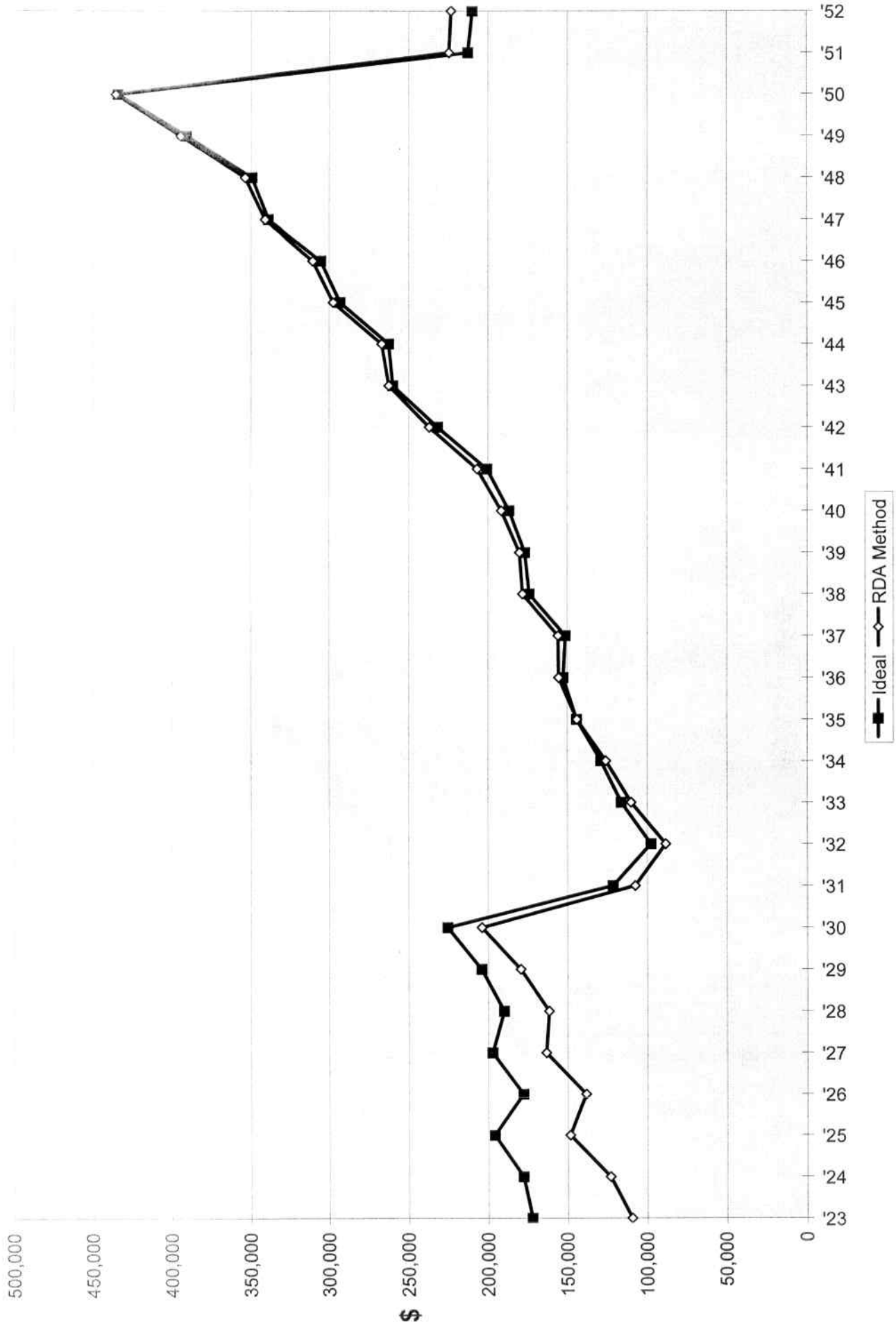
REPORT DATE: October 31, 2022
 VERSION: 006
 ACCOUNT NUMBER: 13067

Beginning Accumulated Reserves: \$104,032

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	FULLY FUNDED RESERVES	PERCENT FULLY FUNDED
'23	228,644	27,341	662	22,378	109,657	172,377	64%
'24	235,504	27,673	755	14,847	123,238	177,982	69%
'25	242,569	28,022	930	3,713	148,477	196,053	76%
'26	249,846	28,302	858	39,174	138,464	178,015	78%
'27	257,341	27,926	1,034	3,939	163,485	197,345	83%
'28	265,061	27,213	1,025	30,079	161,643	190,066	85%
'29	273,013	27,073	1,149	10,348	179,518	204,062	88%
'30	281,204	27,442	1,318	4,305	203,974	225,466	90%
'31	289,640	28,883	641	125,933	107,564	121,428	89%
'32	298,329	28,345	509	48,005	88,414	97,691	91%
'33	307,279	29,112	658	8,064	110,121	116,322	95%
'34	316,497	29,926	765	14,836	125,976	129,053	98%
'35	325,992	30,815	888	13,673	144,006	144,201	100%
'36	335,772	31,688	964	21,168	155,490	152,625	102%
'37	345,845	30,751	971	31,320	155,892	151,322	103%
'38	356,220	30,698	1,128	9,348	178,370	174,111	102%
'39	366,907	30,437	1,142	29,687	180,262	176,851	102%
'40	377,914	34,003	1,208	23,825	191,648	186,762	103%
'41	389,251	35,051	1,310	21,195	206,814	200,657	103%
'42	400,929	34,802	1,521	6,137	236,999	231,868	102%
'43	412,957	34,532	1,699	10,837	262,394	259,979	101%
'44	425,346	39,445	1,712	36,671	266,880	262,507	102%
'45	438,106	39,896	1,923	11,305	297,394	293,030	101%
'46	451,249	41,285	2,008	30,336	310,351	305,317	102%
'47	464,787	40,093	2,226	11,758	340,913	338,754	101%
'48	478,730	45,788	2,292	35,415	353,579	349,198	101%
'49	493,092	46,045	2,578	7,548	394,654	390,655	101%
'50	507,885	45,993	2,865	7,775	435,737	434,285	100%
'51	523,121	47,664	1,387	260,031	224,757	212,810	106%
'52	538,815	46,082	1,384	48,744	223,479	210,086	106%

NOTE: In some cases, the projected ending reserves may exceed the fully funded reserves during years following high expenditures. This is a result of the provision for a contingency in the report, which in the projections, is never expended. The contingency is continually adjusted according to present needs and any excess is redistributed among all assets considered.

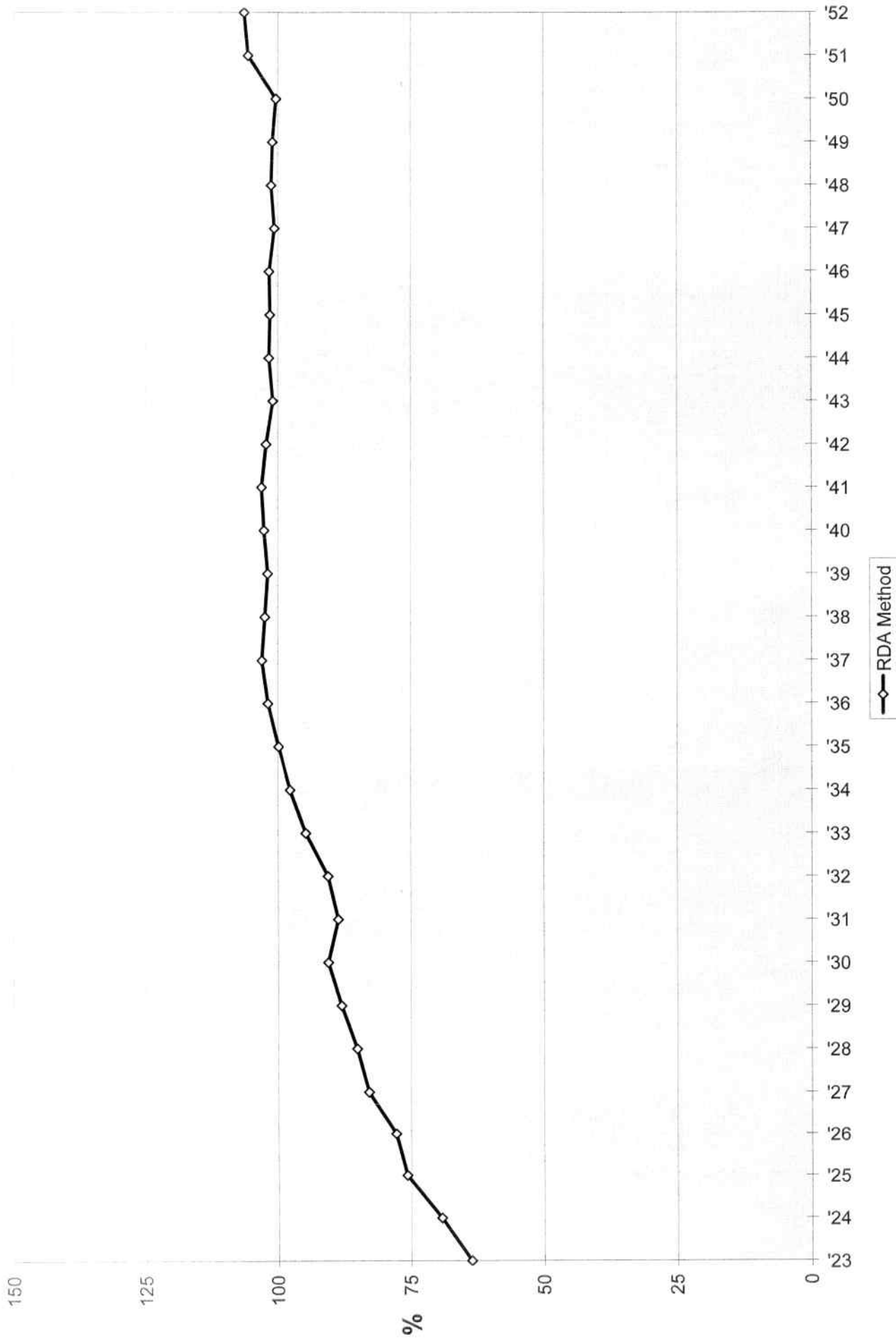
The Bungalows Community Association



Year End Reserve Balances

Reserve Data Analysis, Inc.

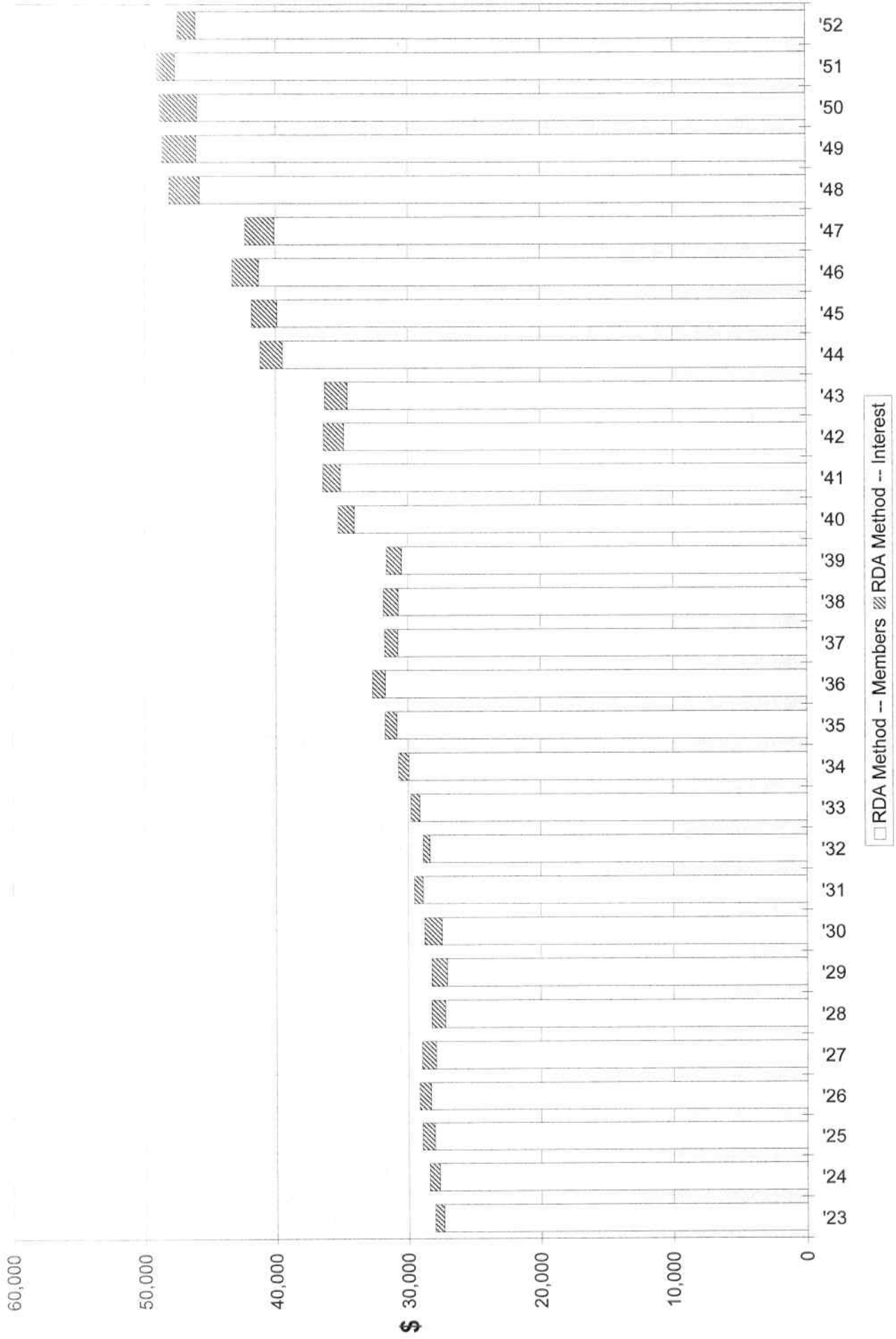
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Percentage Ideally Funded

Reserve Data Analysis, Inc.

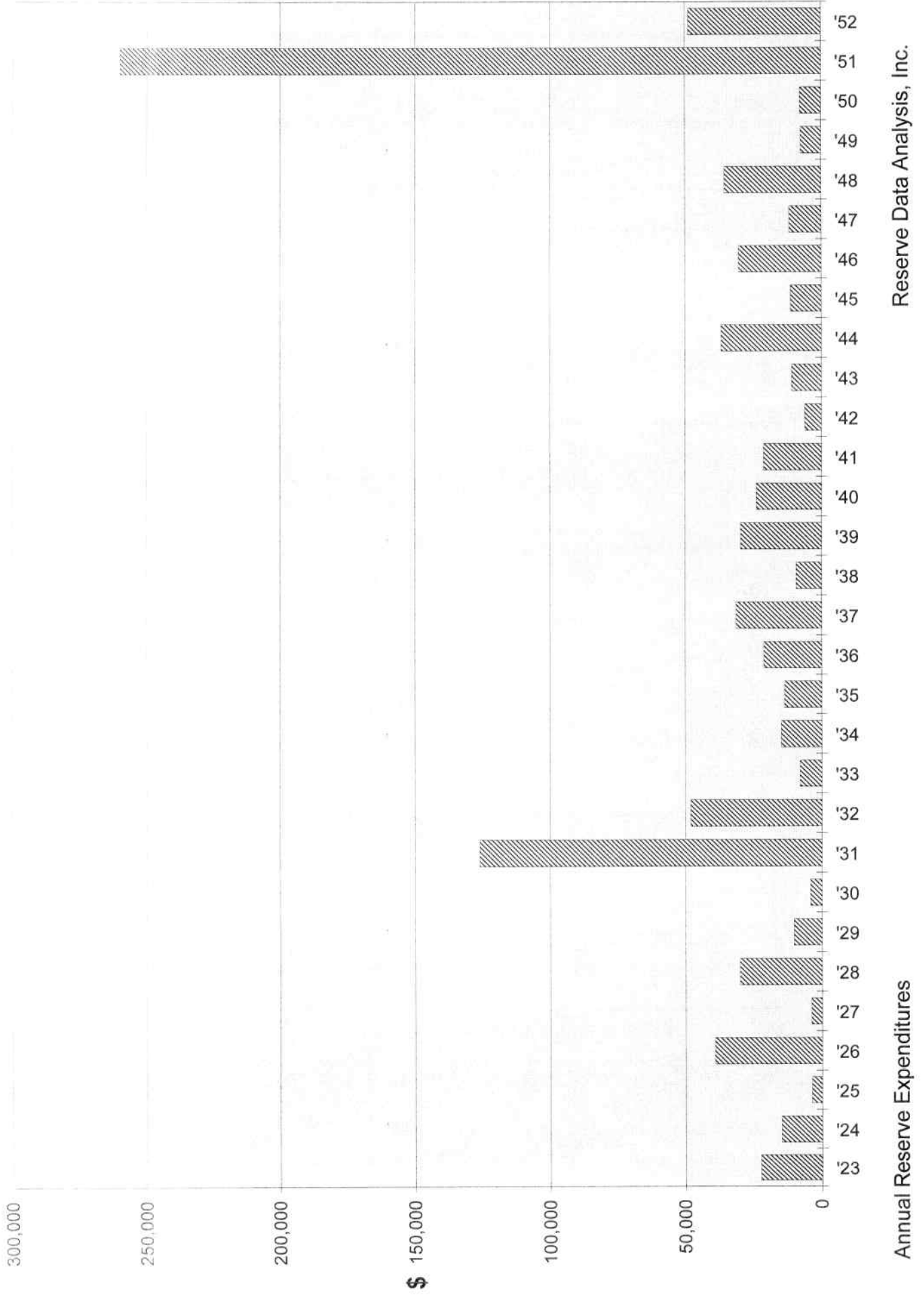
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Annual Reserve Contributions

Reserve Data Analysis, Inc.

The Bungalows Community Association



The Bungalows Community Association
Detail Report by Category

REPORT DATE: October 31, 2022
 VERSION: 006
 ACCOUNT NUMBER: 13067

Streets - Asphalt Overlay		QUANTITY	1 total
		UNIT COST	93,513.000
ASSET ID	1002	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	93,513.00
CATEGORY	10	FUTURE COST	118,459.47
		ASSIGNED RESERVES	30,339.12
PLACED IN SERVICE	1/99	SALVAGE VALUE	0.00
20 YEAR USEFUL LIFE			
+12 YEAR ADJUSTMENT		MONTHLY CNTRBTN	788.07
REPLACEMENT YEAR 2031		INTEREST	20.29
8 YEAR REM LIFE		MONTHLY ALLOCTN	808.36

REMARKS:

36,016 - sq. ft. of overlay	@	\$ 2.44	=	\$ 87,879.00
6 - manhole cover adjustments	@	647.00	=	3,882.00
8 - valve cover adjustments	@	219.00	=	1,752.00

		TOTAL	=	\$ 93,513.00

Most asphalt areas can be expected to last approximately 20 years before it will become necessary for an overlay to be applied. This can double the life of the surface upon application. It will be necessary to adjust manhole and valve covers at the time the overlay is applied. Deflection testing should be conducted by an independent consultant near the end of the estimated useful life to determine the condition of the asphalt and estimated remaining life before the overlay is required.

In addition to this service, a consultant may be obtained to prepare the application specifications, and to work with the contractor during the actual installation. We recommend the client obtain bids for such a consultation near the end of the estimated useful life. As costs vary, we have not included such an expense in our cost estimates. Should the client request, we will be happy to incorporate this cost in our calculations.

The useful life on the asphalt overlay has been adjusted to align with the future replacement cycles of the asphalt repairs and slurry sealing.

The inventory for this asset has been provided to our firm by the client in the form of a past reserve analysis study.

The Bungalows Community Association
Detail Report by Category

Streets - Asphalt Repairs		QUANTITY	38,016 sq. ft.
		UNIT COST	7.140
ASSET ID	1004	PERCENT REPL	1.50%
GROUP/FACILITY	0	CURRENT COST	4,071.51
CATEGORY	10	FUTURE COST	4,193.66
		ASSIGNED RESERVES	3,053.63
PLACED IN SERVICE	1/20	SALVAGE VALUE	0.00
4 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	92.92
REPLACEMENT YEAR	2024	INTEREST	2.09
1 YEAR REM LIFE		MONTHLY ALLOCTN	95.01

REMARKS:

It is estimated that a percentage of the asphalt areas will require repair or replacement. The actual condition of the asphalt should be monitored through time and the estimates adjusted accordingly.

The actual date this item was placed-in-service was not available. For budgeting purposes, we have estimated this date based upon its present condition.

Streets - Asphalt Slurry Sealing		QUANTITY	38,016 sq. ft.
		UNIT COST	0.180
ASSET ID	1005	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	6,842.88
CATEGORY	10	FUTURE COST	7,048.17
		ASSIGNED RESERVES	5,132.16
PLACED IN SERVICE	1/20	SALVAGE VALUE	0.00
4 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	156.16
REPLACEMENT YEAR	2024	INTEREST	3.51
1 YEAR REM LIFE		MONTHLY ALLOCTN	159.67

REMARKS:

According to the association, they added speed bumps in 2011 for a cost of 1,680.

Accoridng to the association, they slurry sealed the streets in 2014 for a cost of \$5,000.

The actual date this item was placed-in-service was not available. For budgeting purposes, we have estimated this date based upon its present condition.

The Bungalows Community Association
Detail Report by Category

Streets - Concrete, Repairs		QUANTITY	13,696 sq. ft.
		UNIT COST	12.150
ASSET ID	1001	PERCENT REPL	10.00%
GROUP/FACILITY	0	CURRENT COST	16,640.64
CATEGORY	10	FUTURE COST	18,183.68
		ASSIGNED RESERVES	14,785.96
PLACED IN SERVICE	2/99	SALVAGE VALUE	0.00
25 YEAR USEFUL LIFE			
+2 YEAR ADJUSTMENT		MONTHLY CNTRBTN	82.31
REPLACEMENT YEAR	2026	INTEREST	8.92
3 YEAR REM LIFE		MONTHLY ALLOCTN	91.23

REMARKS:

This asset is for repairs/replacement to the concrete drives throughout the community. This cost will not cover full replacement.

It is estimated that a percentage of the concrete areas will require repair or replacement. The actual condition of the concrete should be monitored through time and the estimates adjusted accordingly.

The inventory for this asset has been provided to our firm by the client in the form of a past reserve analysis study.

CATEGORY SUMMARY:	ASSIGNED RESERVES	53,310.87
	MONTHLY CNTRBTN	1,119.46
	INTEREST	34.81
	MONTHLY ALLOCTN	1,154.27

The Bungalows Community Association
Detail Report by Category

Paint - Woodwork, Gazebo		QUANTITY	1 provision
		UNIT COST	1,500.000
ASSET ID	1014	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	1,500.00
CATEGORY	30	FUTURE COST	1,500.00
		ASSIGNED RESERVES	1,500.00
PLACED IN SERVICE	2/17	SALVAGE VALUE	0.00
5 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	26.84
REPLACEMENT YEAR	2023	INTEREST	0.09
0 YEAR REM LIFE		MONTHLY ALLOCTN	26.93

REMARKS:

This is to paint the exterior wood gazebo and sealing the common area fence facing the park area.

Accoridng to the association, they resfurbished the gazebo in 2017 for approximately \$10,000.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

CATEGORY SUMMARY:	ASSIGNED RESERVES	1,500.00
	MONTHLY CNTRBTN	26.84
	INTEREST	0.09
	MONTHLY ALLOCTN	26.93

The Bungalows Community Association
Detail Report by Category

Fencing - Vinyl, Park Area		QUANTITY	134 lin. ft.
		UNIT COST	46.790
ASSET ID	1022	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	6,269.86
CATEGORY	40	FUTURE COST	8,180.75
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	2/12	SALVAGE VALUE	0.00
20 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	65.12
REPLACEMENT YEAR	2032	INTEREST	0.21
9 YEAR REM LIFE		MONTHLY ALLOCTN	65.33

REMARKS:

This is the vinyl fence located in the park area.

According to the association, they installed this fenceing in 2012.

The inventory for this asset has been provided to our firm by the client in the form of a past reserve analysis study.

This asset, and the information contained herein, has been provided by the client and incorporated into our report at their request.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

Walls - Block, Repairs		QUANTITY	11,998 sq. ft.
		UNIT COST	26.850
ASSET ID	1013	PERCENT REPL	5.00%
GROUP/FACILITY	0	CURRENT COST	16,107.32
CATEGORY	40	FUTURE COST	21,016.40
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	2/99	SALVAGE VALUE	0.00
30 YEAR USEFUL LIFE			
+3 YEAR ADJUSTMENT		MONTHLY CNTRBTN	167.30
REPLACEMENT YEAR	2032	INTEREST	0.54
9 YEAR REM LIFE		MONTHLY ALLOCTN	167.84

REMARKS:

It is estimated that a percentage of the block walls will require repair or replacement. The actual condition of the block walls should be monitored through time and the estimates adjusted accordingly.

The inventory for this asset has been provided to our firm by the client in the form of a past reserve analysis study.

The useful life of this asset has been extended due to its present condi-

The Bungalows Community Association
Detail Report by Category

Walls - Block, Repairs, Continued ...

tion.

CATEGORY SUMMARY:	ASSIGNED RESERVES	0.00
	MONTHLY CNTRBTN	232.42
	INTEREST	0.75
	MONTHLY ALLOCTN	233.17

The Bungalows Community Association
Detail Report by Category

Lighting - Street, Unfunded	QUANTITY	9 fixtures
	UNIT COST	0.000
ASSET ID 1018	PERCENT REPL	0.00%
GROUP/FACILITY 0	CURRENT COST	0.00
CATEGORY 50	FUTURE COST	0.00
	ASSIGNED RESERVES	0.00
PLACED IN SERVICE 2/99	SALVAGE VALUE	0.00
99 YEAR USEFUL LIFE		
+0 YEAR ADJUSTMENT	MONTHLY CNTRBTN	0.00
REPLACEMENT YEAR 2098	INTEREST	0.00
75 YEAR REM LIFE	MONTHLY ALLOCTN	0.00

REMARKS:

We have excluded budgeting for the street lights as the replacement and maintenance is the responsibility of the associations electrical provider.

CATEGORY SUMMARY:	ASSIGNED RESERVES	0.00
	MONTHLY CNTRBTN	0.00
	INTEREST	0.00
	MONTHLY ALLOCTN	0.00

The Bungalows Community Association
Detail Report by Category

Park Area - Furniture, Bench		QUANTITY	1 bench
		UNIT COST	1,378.000
ASSET ID	1011	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	1,378.00
CATEGORY	65	FUTURE COST	1,378.00
		ASSIGNED RESERVES	1,378.00
PLACED IN SERVICE	2/99	SALVAGE VALUE	0.00
18 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	7.88
REPLACEMENT YEAR	2023	INTEREST	0.03
0 YEAR REM LIFE		MONTHLY ALLOCTN	7.91

REMARKS:

This bench is in poor condition and needs to be replaced.

Park Area - Furniture, Replace		QUANTITY	1 total
		UNIT COST	5,298.000
ASSET ID	1025	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	5,298.00
CATEGORY	65	FUTURE COST	5,789.27
		ASSIGNED RESERVES	4,707.51
PLACED IN SERVICE	2/99	SALVAGE VALUE	0.00
18 YEAR USEFUL LIFE			
+9 YEAR ADJUSTMENT		MONTHLY CNTRBTN	26.21
REPLACEMENT YEAR	2026	INTEREST	2.84
3 YEAR REM LIFE		MONTHLY ALLOCTN	29.05

REMARKS:

2 - 8' wood picnic tables	@	\$ 1,573.00	=	\$ 3,146.00
1 - 6' wood benches w/back	@	1,378.00	=	1,378.00
1 - metal trash receptacle	@	774.00	=	774.00

		TOTAL	=	\$ 5,298.00

Park Area - Gazebo		QUANTITY	1 provision
		UNIT COST	17,206.000
ASSET ID	1015	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	17,206.00
CATEGORY	65	FUTURE COST	26,025.62
		ASSIGNED RESERVES	0.00
PLACED IN SERVICE	2/17	SALVAGE VALUE	0.00
20 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	121.26
REPLACEMENT YEAR	2037	INTEREST	0.39
14 YEAR REM LIFE		MONTHLY ALLOCTN	121.65

The Bungalows Community Association
Detail Report by Category

Park Area - Gazebo, Continued ...

REMARKS:

This asset is for repairs/replacement to the gazebo in the park area.
 According to the association, they refurbished the gazebo in 2017 for approximately \$10,000.

This asset, and the information contained herein, has been provided by the client and incorporated into our report at their request.

For budgeting purposes, we have used the next fiscal year's beginning date as the placed-in-service date for this component.

Park Area - Lighting		QUANTITY	2 pole lights
		UNIT COST	1,142.000
ASSET ID	1021	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	2,284.00
CATEGORY	65	FUTURE COST	2,727.22
		ASSIGNED RESERVES	1,519.13
PLACED IN SERVICE	2/11	SALVAGE VALUE	0.00
18 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	14.43
REPLACEMENT YEAR	2029	INTEREST	0.94
6 YEAR REM LIFE		MONTHLY ALLOCTN	15.37

REMARKS:

These are in the park area.

The actual date this item was placed-in-service was not available. For budgeting purposes, we have estimated this date based upon its present condition.

Park Area - Play Platform		QUANTITY	1 total
		UNIT COST	15,000.000
ASSET ID	1012	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	15,000.00
CATEGORY	65	FUTURE COST	15,000.00
		ASSIGNED RESERVES	15,000.00
PLACED IN SERVICE	2/99	SALVAGE VALUE	0.00
16 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	94.49
REPLACEMENT YEAR	2023	INTEREST	0.30
0 YEAR REM LIFE		MONTHLY ALLOCTN	94.79

The Bungalows Community Association
Detail Report by Category

Park Area - Play Platform, Continued ...

REMARKS:

This medium play struture consists of:

1 slide, tic-tac-toe, 3 climbing poles, 4 platforms, arched wood climber, steering wheel and bubble.

During the on site inspection December 2019, the play platform was in need of refurbishment.

Park Area - Sand Replacement		QUANTITY	1 provision
		UNIT COST	1,000.000
ASSET ID	1007	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	1,000.00
CATEGORY	65	FUTURE COST	1,000.00
		ASSIGNED RESERVES	1,000.00
PLACED IN SERVICE	2/18	SALVAGE VALUE	0.00
5 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	17.89
REPLACEMENT YEAR	2023	INTEREST	0.06
0 YEAR REM LIFE		MONTHLY ALLOCTN	17.95

REMARKS:

This asset is for sand replenishment in the park area.

This cost is based on the addition of a four inch layer of sand to the already existing level.

The actual date this item was placed-in-service was not available. For budgeting purposes, we have estimated this date based upon its present condition.

CATEGORY SUMMARY:	ASSIGNED RESERVES	23,604.64
	MONTHLY CNTRBTN	282.16
	INTEREST	4.56
	MONTHLY ALLOCTN	286.72

The Bungalows Community Association
Detail Report by Category

Mailboxes - Pedestal Sets		QUANTITY	1 total
		UNIT COST	9,032.000
ASSET ID	1006	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	9,032.00
CATEGORY	100	FUTURE COST	10,470.56
		ASSIGNED RESERVES	6,511.44
PLACED IN SERVICE	2/10	SALVAGE VALUE	0.00
18 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	57.53
REPLACEMENT YEAR	2028	INTEREST	4.00
5 YEAR REM LIFE		MONTHLY ALLOCTN	61.53

REMARKS:

1 - sets of 8 boxes w/2 parcel boxes	@	\$ 2,111.00	=	\$ 2,111.00
3 - sets of 16 boxes w/2 parcel boxes	@	2,307.00	=	6,921.00

		TOTAL	=	\$ 9,032.00

This asset, and the information contained herein, has been provided by the client and incorporated into our report at their request.

Signs - Address		QUANTITY	8 total
		UNIT COST	300.000
ASSET ID	1010	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	2,400.00
CATEGORY	100	FUTURE COST	3,040.25
		ASSIGNED RESERVES	1,020.36
PLACED IN SERVICE	2/17	SALVAGE VALUE	0.00
14 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	17.89
REPLACEMENT YEAR	2031	INTEREST	0.65
8 YEAR REM LIFE		MONTHLY ALLOCTN	18.54

REMARKS:

These are the address signs located in the cul-de-sacs.

The inventory for this asset has been provided to our firm by the client in the form of a past reserve analysis study.

The actual date this item was placed-in-service was not available. For budgeting purposes, we have estimated this date based upon its present condition.

The Bungalows Community Association
Detail Report by Category

Signs - Monument		QUANTITY	1 total
ASSET ID	1008	UNIT COST	7,218.000
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	100	CURRENT COST	7,218.00
		FUTURE COST	9,991.40
PLACED IN SERVICE	2/99	ASSIGNED RESERVES	0.00
35 YEAR USEFUL LIFE		SALVAGE VALUE	0.00
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	62.69
REPLACEMENT YEAR	2034	INTEREST	0.20
11 YEAR REM LIFE		MONTHLY ALLOCTN	62.89

REMARKS:

There are three monument signs, they all read "The Bungalows".

9 - 3" high, "The"	@	\$ 118.00	=	\$ 1,062.00
27 - 8" high, "Bungalows"	@	228.00	=	6,156.00

		TOTAL	=	\$ 7,218.00

The inventory for this asset has been provided to our firm by the client in the form of a past reserve analysis study.

Signs - Traffic		QUANTITY	1 total
ASSET ID	1009	UNIT COST	2,839.000
GROUP/FACILITY	0	PERCENT REPL	100.00%
CATEGORY	100	CURRENT COST	2,839.00
		FUTURE COST	3,102.25
PLACED IN SERVICE	2/99	ASSIGNED RESERVES	2,522.58
20 YEAR USEFUL LIFE		SALVAGE VALUE	0.00
+7 YEAR ADJUSTMENT		MONTHLY CNTRBTN	14.04
REPLACEMENT YEAR	2026	INTEREST	1.52
3 YEAR REM LIFE		MONTHLY ALLOCTN	15.56

REMARKS:

Traffic signs, reflectorized, with 2" galvanized steel pipe post 10' long set 2' into the ground:

5 - "STOP"	@	\$ 281.00	=	\$ 1,405.00
2 - double street signs	@	300.00	=	600.00
1 - park sign	@	263.00	=	263.00
1 bulletin board	@	571.00	=	571.00

		TOTAL	=	\$ 2,839.00

The inventory for this asset has been provided to our firm by the client

The Bungalows Community Association
Detail Report by Category

Signs - Traffic, Continued ...

in the form of a past reserve analysis study.

The useful life of this asset has been extended due to its present condition.

CATEGORY SUMMARY:	ASSIGNED RESERVES	10,054.38
	MONTHLY CNTRBTN	152.15
	INTEREST	6.37
	MONTHLY ALLOCTN	158.52

The Bungalows Community Association
Detail Report by Category

Irrigation - Backflow Devices		QUANTITY	2 total
		UNIT COST	1,441.000
ASSET ID	1023	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	2,882.00
CATEGORY	105	FUTURE COST	3,441.26
		ASSIGNED RESERVES	2,303.99
PLACED IN SERVICE	2/99	SALVAGE VALUE	0.00
30 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	13.11
REPLACEMENT YEAR	2029	INTEREST	1.39
6 YEAR REM LIFE		MONTHLY ALLOCTN	14.50

REMARKS:

These devices require an annual inspection and should be repaired "as needed."

The information used on this asset has been provided with the assistance of the client's maintenance contractor.

The inventory for this asset has been provided to our firm by the client.

Irrigation - Controllers		QUANTITY	1 total
		UNIT COST	7,572.000
ASSET ID	1016	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	7,572.00
CATEGORY	105	FUTURE COST	8,274.13
		ASSIGNED RESERVES	6,728.06
PLACED IN SERVICE	2/99	SALVAGE VALUE	0.00
15 YEAR USEFUL LIFE			
+12 YEAR ADJUSTMENT		MONTHLY CNTRBTN	37.46
REPLACEMENT YEAR	2026	INTEREST	4.06
3 YEAR REM LIFE		MONTHLY ALLOCTN	41.52

REMARKS:

1	- 18 station Irritrol controller	@	\$ 3,245.00	=	\$ 3,245.00
1	- 24 station Irritrol controller	@	4,327.00	=	4,327.00

			TOTAL	=	\$ 7,572.00

The irrigation controllers were upgraded in 2022 for a cost of \$1,589.

The information used on this asset has been provided with the assistance of the client's maintenance contractor.

The useful life of this asset has been extended due to its present condition.

The Bungalows Community Association
Detail Report by Category

Irrigation - Enclosures		QUANTITY	2 total
		UNIT COST	3,045.000
		PERCENT REPL	100.00%
ASSET ID	1017	CURRENT COST	6,090.00
GROUP/FACILITY	0	FUTURE COST	8,682.88
CATEGORY	105	ASSIGNED RESERVES	0.00
		SALVAGE VALUE	0.00
PLACED IN SERVICE	2/99		
30 YEAR USEFUL LIFE		MONTHLY CNTRBTN	49.01
+6 YEAR ADJUSTMENT		INTEREST	0.16
REPLACEMENT YEAR	2035	MONTHLY ALLOCTN	49.17
12 YEAR REM LIFE			

REMARKS:

This is to replace the stainless steel irrigation enclosures.

The information used on this asset has been provided with the assistance of the client's maintenance contractor.

The useful life of this asset has been extended due to its present condition.

CATEGORY SUMMARY:	ASSIGNED RESERVES	9,032.05
	MONTHLY CNTRBTN	99.58
	INTEREST	5.61
	MONTHLY ALLOCTN	105.19

The Bungalows Community Association
Detail Report by Category

Landscape - Tree Trim/Removal		QUANTITY	1 total
		UNIT COST	3,500.000
ASSET ID	1024	PERCENT REPL	100.00%
GROUP/FACILITY	0	CURRENT COST	3,500.00
CATEGORY	110	FUTURE COST	3,500.00
		ASSIGNED RESERVES	3,500.00
PLACED IN SERVICE	1/22	SALVAGE VALUE	0.00
1 YEAR USEFUL LIFE			
+0 YEAR ADJUSTMENT		MONTHLY CNTRBTN	299.45
REPLACEMENT YEAR	2023	INTEREST	0.96
0 YEAR REM LIFE		MONTHLY ALLOCTN	300.41

REMARKS:

Following are dates and cost for tree trimming & removal:

2018-2022 - \$17,583
2020 - \$ 6,090

This asset, and the information contained herein, has been provided by the client and incorporated into our report at their request.

The current cost used on this asset is based upon actual expenditures incurred at last replacement, and has been adjusted for inflation where applicable.

CATEGORY SUMMARY:	ASSIGNED RESERVES	3,500.00
	MONTHLY CNTRBTN	299.45
	INTEREST	0.96
	MONTHLY ALLOCTN	300.41

The Bungalows Community Association
Detail Report by Category

TOTAL ALL ASSETS:	ASSIGNED RESERVES	101,001.94
	MONTHLY CNTRBTN	2,212.06
	INTEREST	53.15
	MONTHLY ALLOCTN	2,265.21
CONTINGENCY @ 3.00%:	ASSIGNED RESERVES	3,030.06
	MONTHLY CNTRBTN	66.36
	INTEREST	1.99
	MONTHLY ALLOCTN	68.35
GRAND TOTALS:	ASSIGNED RESERVES	104,032.00
	MONTHLY CNTRBTN	2,278.42
	INTEREST	55.14
	MONTHLY ALLOCTN	2,333.56

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TOTAL ASSET LINES INCLUDED: 22

PART III - APPENDIX

A. Legal Issues Affecting Community Associations

Selected California Statutes Affecting Common Interest Developments

Revised February 2020

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1. CALIFORNIA CIVIL CODE SECTION 4080 - 4190
Definitions

4080. "Association" means a nonprofit corporation or unincorporated association created for the purpose of managing a common interest development.

4085. "Board" means the board of directors of the association.

4090. "Board meeting" means either of the following:

(a) A congregation, at the same time and place, of a sufficient number of directors to establish a quorum of the board, to hear, discuss, or deliberate upon any item of business that is within the authority of the board.

(b) A teleconference, where a sufficient number of directors to establish a quorum of the board, in different locations, are connected by electronic means, through audio or video, or both. A teleconference meeting shall be conducted in a manner that protects the rights of members of the association and otherwise complies with the requirements of this act. Except for a meeting that will be held solely in executive session, the notice of the teleconference meeting shall identify at least one physical location so that members of the association may attend, and at least one director shall be present at that location. Participation by directors in a teleconference meeting constitutes presence at that meeting as long as all directors participating are able to hear one another, as well as members of the association speaking on matters before the board.

4095. (a) "Common area" means the entire common interest development except the separate interests therein. The estate in the common area may be a fee, a life estate, an estate for years, or any combination of the foregoing.

(b) Notwithstanding subdivision (a), in a planned development described in subdivision (b) of Section 4175, the common area may consist of mutual or reciprocal easement rights appurtenant to the separate interests.

4100. "Common interest development" means any of the following:

- (a) A community apartment project.
- (b) A condominium project.
- (c) A planned development.
- (d) A stock cooperative.

4105. "Community apartment project" means a development in which an undivided interest in land is coupled with the right of exclusive occupancy of any apartment located thereon.

4110. (a) "Community service organization or similar entity" means a nonprofit entity, other than an association, that is organized to provide services to residents of the common interest development or to the public in addition to the residents, to the extent community common area or facilities are available to the public.

(b) "Community service organization or similar entity" does not include an entity that has been organized solely to raise moneys and contribute to other nonprofit organizations that are qualified as tax exempt under Section 501(c)(3) of the Internal Revenue Code and that provide housing or housing assistance.

4120. "Condominium plan" means a plan described in Section 4285.

4125. (a) A "condominium project" means a real property development consisting of condominiums.

(b) A condominium consists of an undivided interest in common in a portion of real property coupled with a separate interest in space called a unit, the boundaries of which are described on a recorded final map, parcel map, or condominium plan in sufficient detail to locate all boundaries thereof. The area within these boundaries may be filled with air, earth, water, or fixtures, or any combination thereof, and need not be physically attached to land except by easements for access and, if necessary, support. The description of the unit may refer to (1) boundaries described in the recorded final map, parcel map, or condominium plan, (2) physical boundaries, either in existence, or to be constructed, such as walls, floors, and ceilings of a structure or any portion thereof, (3) an entire structure containing one or more units, or (4) any combination thereof.

(c) The portion or portions of the real property held in undivided interest may be all of the real property, except for the separate interests, or may include a particular three-dimensional portion thereof, the boundaries of which are described on a recorded final map, parcel map, or condominium plan. The area within these boundaries may be filled with air, earth, water, or fixtures, or any combination thereof, and need not be physically attached to land except by easements for access and, if necessary, support.

(d) An individual condominium within a condominium project may include, in addition, a separate interest in other portions of the real property.

4130. "Declarant" means the person or group of persons designated in the declaration as declarant, or if no declarant is designated, the person or group of persons who sign the original declaration or who succeed to special rights, preferences, or privileges designated in the declaration as belonging to the signator of the original declaration.

4135. "Declaration" means the document, however denominated, that contains the information required by Sections 4250 and 4255.

4140. "Director" means a natural person who serves on the board.

4145. (a) "Exclusive use common area" means a portion of the common area designated by the declaration for the exclusive use of one or more, but fewer than all, of the owners of the separate interests and which is or will be appurtenant to the separate interest or interests.

(b) Unless the declaration otherwise provides, any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, exterior doors, doorframes, and hardware incident thereto, screens and windows or other fixtures designed to serve a single separate interest, but located outside the boundaries of the separate interest, are exclusive use common area allocated exclusively to that separate interest.

(c) Notwithstanding the provisions of the declaration, internal and external telephone wiring designed to serve a single separate interest, but located outside the boundaries of the separate interest, is exclusive use common area allocated exclusively to that separate interest.

4150. "Governing documents" means the declaration and any other documents, such as bylaws, operating rules, articles of incorporation, or articles of association, which govern the operation of the common interest development or association.

4158. (a) A "managing agent" is a person who, for compensation or in expectation of compensation, exercises control over the assets of a common interest development.

(b) A "managing agent" does not include any of the following:

(1) A regulated financial institution operating within the normal course of its regulated business practice.

(2) An attorney at law acting within the scope of the attorney's license.

4160. "Member" means an owner of a separate interest.

4170. "Person" means a natural person, corporation, government or governmental subdivision or agency, business trust, estate, trust, partnership, limited liability company, association, or other entity.

4175. "Planned development" means a real property development other than a community apartment project, a condominium project, or a stock cooperative, having either or both of the following features:

(a) Common area that is owned either by an association or in common by the owners of the separate interests who possess appurtenant rights to the beneficial use and enjoyment of the common area.

(b) Common area and an association that maintains the common area with the power to levy assessments that may become a lien upon the separate interests in accordance with Article 2 (commencing with Section 5650) of Chapter 8.

4177. "Reserve accounts" means both of the following:

(a) Moneys that the board has identified for use to defray the future repair or replacement of, or additions to, those major components that the association is obligated to maintain.

(b) The funds received, and not yet expended or disposed of, from either a compensatory damage award or settlement to an association from any person for injuries to property, real or personal, arising from any construction or design defects. These funds shall be separately itemized from funds described in subdivision (a).

4178. "Reserve account requirements" means the estimated funds that the board has determined are required to be available at a specified point in time to repair, replace, or restore those major components that the association is obligated to maintain.

4185. (a) "Separate interest" has the following meanings:

(1) In a community apartment project, "separate interest" means the exclusive right to occupy an apartment, as specified in Section 4105.

(2) In a condominium project, "separate interest" means a separately owned unit, as specified in Section 4125.

(3) In a planned development, "separate interest" means a separately owned lot, parcel, area, or space.

(4) In a stock cooperative, "separate interest" means the exclusive right to occupy a portion of the real property, as specified in Section 4190.

(b) Unless the declaration or condominium plan, if any exists, otherwise provides, if walls, floors, or ceilings are designated as boundaries of a separate interest, the interior surfaces of the perimeter walls, floors, ceilings, windows, doors, and outlets located within the separate interest are part of the separate interest and any other portions of the walls, floors, or ceilings are part of the common area.

(c) The estate in a separate interest may be a fee, a life estate, an estate for years, or any combination of the foregoing.

4190. (a) "Stock cooperative" means a development in which a corporation is formed or availed of, primarily for the purpose of holding title to, either in fee simple or for a term of years, improved real property, and all or substantially all of the shareholders of the corporation receive a right of exclusive occupancy in a portion of the real property, title to which is held by the corporation. The owners' interest in the corporation, whether evidenced by a share of stock, a certificate of membership, or otherwise, shall be deemed to be an interest in a common interest development and a real estate development for purposes of subdivision (f) of Section 25100 of the Corporations Code.

(b) A "stock cooperative" includes a limited equity housing cooperative which is a stock cooperative that meets the criteria of Section 817.

2. CALIFORNIA CIVIL CODE SECTION 4775 - 4790 Maintenance

4775. (a) Unless otherwise provided in the declaration of a common interest development, the association is responsible for repairing, replacing, or maintaining the common area, other than exclusive use common area, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to the separate interest.

(b) The costs of temporary relocation during the repair and maintenance of the areas within the responsibility of the association shall be borne by the owner of the separate interest affected.

4780. (a) In a community apartment project, condominium project, or stock cooperative, unless otherwise provided in the declaration, the association is responsible for the repair and maintenance of the common area occasioned by the presence of wood-destroying pests or organisms.

(b) In a planned development, unless a different maintenance scheme is provided in the declaration, each owner of a separate interest is responsible for the repair and maintenance of that separate interest as may be occasioned by the presence of wood-destroying pests or organisms. Upon approval of the majority of all members of the association, pursuant to Section 4065, that responsibility may be delegated to the association, which shall be entitled to recover the cost thereof as a special assessment.

4785. (a) The association may cause the temporary, summary removal of any occupant of a common interest development for such periods and at such times as may be necessary for prompt, effective treatment of wood-destroying pests or organisms.

(b) The association shall give notice of the need to temporarily vacate a separate interest to the occupants and to the owners, not less than 15 days nor more than 30 days prior to the date of the temporary relocation. The notice shall state the reason for the temporary relocation, the date and time of the beginning of treatment, the anticipated date and time of termination of treatment, and that the occupants will be responsible for their own accommodations during the temporary relocation.

(c) Notice by the association shall be deemed complete upon either:

(1) Personal delivery of a copy of the notice to the occupants, and if an occupant is not the owner, individual delivery pursuant to Section 4040, of a copy of the notice to the owner.

(2) Individual delivery pursuant to Section 4040 to the occupant at the address of the separate interest, and if the occupant is not the owner, individual delivery pursuant to Section 4040, of a copy of the notice to the owner.

(d) For purposes of this section, "occupant" means an owner, resident, guest, invitee, tenant, lessee, sublessee, or other person in possession of the separate interest.

4790. Notwithstanding the provisions of the declaration, a member is entitled to reasonable access to the common area for the purpose of maintaining the internal and external telephone wiring made part of the exclusive use common area of the member's separate interest pursuant to subdivision (c) of Section 4145. The access shall be subject to the consent of the association, whose approval shall not be unreasonably withheld, and which may include the association's approval of telephone wiring upon the exterior of the common area, and other conditions as the association determines reasonable.

3. CALIFORNIA CIVIL CODE SECTION 4800 - 4820
Association Existence and Powers

4800. A common interest development shall be managed by an association that may be incorporated or unincorporated. The association may be referred to as an owners' association or a community association.

4805. (a) Unless the governing documents provide otherwise, and regardless of whether the association is incorporated or unincorporated, the association may exercise the powers granted to a nonprofit mutual benefit corporation, as enumerated in Section 7140 of the Corporations Code, except that an unincorporated association may not adopt or use a corporate seal or issue membership certificates in accordance with Section 7313 of the Corporations Code.

(b) The association, whether incorporated or unincorporated, may exercise the powers granted to an association in this act.

4820. Whenever two or more associations have consolidated any of their functions under a joint neighborhood association or similar organization, members of each participating association shall be (a) entitled to attend all meetings of the joint association other than executive sessions, (b) given reasonable opportunity for participation in those meetings, and (c) entitled to the same access to the joint association's records as they are to the participating association's records.

4. CALIFORNIA CIVIL CODE SECTION 5300 - 5320 Annual Reports

5300. (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.

(b) Unless the governing documents impose more stringent standards, the annual budget report shall include all of the following information:

(1) A pro forma operating budget, showing the estimated revenue and expenses on an accrual basis.

(2) A summary of the association's reserves, prepared pursuant to Section 5565.

(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.

(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.

(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.

(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.

(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.

(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.

(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."

(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.

(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.

5305. Unless the governing documents impose more stringent standards, a review of the financial statement of the association shall be prepared in accordance with generally accepted accounting principles by a licensee of the California Board of Accountancy for any fiscal year in which the gross income to the association exceeds seventy-five thousand dollars (\$75,000). A copy of the review of the financial statement shall be distributed to the members within 120 days after the close of each fiscal year, by individual delivery pursuant to Section 4040.

5310. (a) Within 30 to 90 days before the end of its fiscal year, the board shall distribute an annual policy statement that provides the members with information about association policies. The annual policy statement shall include all of the following information:

(1) The name and address of the person designated to receive official communications to the association, pursuant to Section 4035.

(2) A statement explaining that a member may submit a request to have notices sent to up to two different specified addresses, pursuant to subdivision (b) of Section 4040.

(3) The location, if any, designated for posting of a general notice, pursuant to paragraph (3) of subdivision (a) of Section 4045.

(4) Notice of a member's option to receive general notices by individual delivery, pursuant to subdivision (b) of Section 4045.

(5) Notice of a member's right to receive copies of meeting minutes, pursuant to subdivision (b) of Section 4950.

(6) The statement of assessment collection policies required by Section 5730.

(7) A statement describing the association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments.

(8) A statement describing the association's discipline policy, if any, including any schedule of penalties for violations of the governing documents pursuant to Section 5850.

(9) A summary of dispute resolution procedures, pursuant to Sections 5920 and 5965.

(10) A summary of any requirements for association approval of a physical change to property, pursuant to Section 4765.

(11) The mailing address for overnight payment of assessments, pursuant to Section 5655.

(12) Any other information that is required by law or the governing documents or that the board determines to be appropriate for inclusion.

(b) The annual policy statement shall be made available to the members pursuant to Section 5320.

5320. (a) When a report is prepared pursuant to Section 5300 or 5310, the association shall deliver one of the following documents to all members, by individual delivery pursuant to Section 4040:

(1) The full report.

(2) A summary of the report. The summary shall include a general description of the content of the report. Instructions on how to request a complete copy of the report at no cost to the member shall be printed in at least 10-point boldface type on the first page of the summary.

(b) Notwithstanding subdivision (a), if a member has requested to receive all reports in full, the association shall deliver the full report to that member, rather than a summary of the report.

5. CALIFORNIA CIVIL CODE SECTION 5500
Accounting

5500. Unless the governing documents impose more stringent standards, the board shall do all of the following:

(a) Review a current reconciliation of the association's operating accounts on at least a quarterly basis.

(b) Review a current reconciliation of the association's reserve accounts on at least a quarterly basis.

(c) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget.

(d) Review the latest account statements prepared by the financial institutions where the association has its operating and reserve accounts.

(e) Review an income and expense statement for the association's operating and reserve accounts on at least a quarterly basis.

6. CALIFORNIA CIVIL CODE SECTION 5510 - 5520
Use of Reserve Funds

5510. (a) The signatures of at least two persons, who shall be directors, or one officer who is not a director and one who is a director, shall be required for the withdrawal of moneys from the association's reserve accounts.

(b) The board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components that the association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established.

5515. (a) Notwithstanding Section 5510, the board may authorize the temporary transfer of moneys from a reserve fund to the association's general operating fund to meet short-term cashflow requirements or other expenses, if the board has provided notice of the intent to consider the transfer in a board meeting notice provided pursuant to Section 4920.

(b) The notice shall include the reasons the transfer is needed, some of the options for repayment, and whether a special assessment may be considered.

(c) If the board authorizes the transfer, the board shall issue a written finding, recorded in the board's minutes, explaining the reasons that the transfer is needed, and describing when and how the moneys will be repaid to the reserve fund.

(d) The transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the board may, after giving the same notice required for considering a transfer, and, upon making a finding supported by documentation that a temporary delay would be in the best interests of the common interest development, temporarily delay the restoration.

(e) The board shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this section. This special assessment is subject to the limitation imposed by Section 5605. The board may, at its discretion, extend the date the payment on the special assessment is due. Any extension shall not prevent the board from pursuing any legal remedy to enforce the collection of an unpaid special assessment.

5520. (a) When the decision is made to use reserve funds or to temporarily transfer moneys from the reserve fund to pay for litigation pursuant to subdivision (b) of Section 5510, the association shall provide general notice pursuant to Section 4045 of that decision, and of the availability of an accounting of those expenses.

(b) Unless the governing documents impose more stringent standards, the association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by members of the association at the association's office.

7. CALIFORNIA CIVIL CODE SECTION 5550 - 5580
Reserve Planning

5550. (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.

5551. (a) For purposes of this section, the following definitions apply:

(1) "Associated waterproofing systems" include flashings, membranes, coatings, and sealants that protect the load-bearing components of exterior elevated elements from exposure to water.

(2) "Exterior elevated elements" mean the load-bearing components together with their associated waterproofing system.

(3) "Load-bearing components" means those components that extend beyond the exterior walls of the building to deliver structural loads to the building from decks, balconies, stairways, walkways, and their railings, that have a walking surface elevated more than six feet above ground level, that are designed for human occupancy or use, and that are supported in whole or in substantial part by wood or wood-based products.

(4) "Statistically significant sample" means a sufficient number of units inspected to provide 95 percent confidence that the results from the sample are reflective of the whole, with a margin of error of no greater than plus or minus 5 percent.

(5) "Visual inspection" means inspection through the least intrusive method necessary to inspect load-bearing components, including visual observation only or visual observation in conjunction with, for example, the use of moisture meters, borescopes, or infrared technology.

(b) (1) At least once every nine years, the board of an association of a condominium project shall cause a reasonably competent and diligent visual inspection to be conducted by a

licensed structural engineer or architect of a random and statistically significant sample of exterior elevated elements for which the association has maintenance or repair responsibility.

(2) The inspection shall determine whether the exterior elevated elements are in a generally safe condition and performing in accordance with applicable standards.

(c) Prior to conducting the first visual inspection, the inspector shall generate a random list of the locations of each type of exterior elevated element. The list shall include all exterior elevated elements for which the association has maintenance or repair responsibility. The list shall be provided to the association for future use.

(d) The inspector shall perform the visual inspections in accordance with the random list generated pursuant to subdivision (c). If during the visual inspection the inspector observes building conditions indicating that unintended water or water vapor has passed into the associated waterproofing system, thereby creating the potential for damage to the load-bearing components, then the inspector may conduct a further inspection. The inspector shall exercise their best professional judgment in determining the necessity, scope, and breadth of any further inspection.

(e) Based upon the inspector's visual inspections, further inspection, and construction and materials expertise, the inspector shall issue a written report containing the following information:

(1) The identification of the building components comprising the load-bearing components and associated waterproofing system.

(2) The current physical condition of the load-bearing components and associated waterproofing system, including whether the condition presents an immediate threat to the health and safety of the residents.

(3) The expected future performance and remaining useful life of the load-bearing components and associated waterproofing system.

(4) Recommendations for any necessary repair or replacement of the load-bearing components and associated waterproofing system.

(f) The report issued pursuant to subdivision (e) shall be stamped or signed by the inspector, presented to the board, and incorporated into the study required by Section 5550.

(g) (1) If, after inspection of any exterior elevated element, the inspector advises that the exterior elevated element poses an immediate threat to the safety of the occupants, the inspector shall provide a copy of the inspection report to the association immediately upon completion of the report, and to the local code enforcement agency within 15 days of completion of the report. Upon receiving the report, the association shall take preventive measures immediately, including preventing occupant access to the exterior elevated element until repairs have been inspected and approved by the local enforcement agency.

(2) Local enforcement agencies shall have the ability to recover enforcement costs associated with the requirements of this section from the association.

(h) Each subsequent visual inspection conducted under this section shall commence with the next exterior elevated element identified on the random list and shall proceed in order through the list.

(i) The first inspection shall be completed by January 1, 2025, and then every nine years thereafter in coordination with the reserve study inspection pursuant to Section 5550. All written reports shall be maintained for two inspection cycles as records of the association.

(j) (1) The association shall be responsible for complying with the requirements of this section.

(2) The continued and ongoing maintenance and repair of the load-bearing components and associated waterproofing systems in a safe, functional, and sanitary condition shall be the responsibility of the association as required by the association's governing documents.

(k) The inspection of buildings for which a building permit application has been submitted on or after January 1, 2020, shall occur no later than six years following the issuance of a certificate of occupancy. The inspection shall otherwise comply with the provisions of this section.

(l) This section shall only apply to buildings containing three or more multifamily dwelling units.

(m) The association board may enact rules or bylaws imposing requirements greater than those imposed by this section.

(n) A local government or local enforcement agency may enact an ordinance or other rule imposing requirements greater than those imposed by this section.

5560. (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.

5565. 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.

5570. (a) The disclosures required by this article with regard to an association or a property shall be summarized on the following form:

Assessment and Reserve Funding Disclosure Summary For the Fiscal Year Ending ____

(1) The regular assessment per ownership interest is \$____ per____. Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ____ of the attached summary.

(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:

Date assessment will be due:	Amount per ownership interest per month or year (If assessments are variable, see note immediately below):	Purpose of the assessment:
Total:		

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ____ of the attached report.

(3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years? Yes ____ No ____

(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 yet been approved by the board or the members?

Approximate date assessment will be due:	Amount per ownership interest per month or year:

	Total:

(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, the estimated amount required in the reserve fund at the end of the current fiscal year is \$____, based in whole or in part on the last reserve study or update prepared by ____ as of ____ (month), ____ (year). The projected reserve fund cash balance at the end of the current fiscal year is \$____, resulting in reserves being ____ percent funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$____. (See attached explanation)

(7) 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 each of the next five budget years is \$____, and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$____, leaving the reserve at ____ percent funding. If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be \$____, leaving the reserve at ____ percent funding.

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 ____ percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was ____ percent per year.

(b) For the purposes of preparing a summary pursuant to this section:

(1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.

(2) "Major component" has the meaning used in Section 55530. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

(3) The form set out in subdivision (a) shall accompany each annual budget report or summary thereof that is delivered pursuant to Section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.

(4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

5580. (a) Unless the governing documents impose more stringent standards, any community service organization whose funding from the association or its members exceeds 10 percent of the organization's annual budget shall prepare and distribute to the association a report that meets the requirements of Section 5012 of the Corporations Code, and that describes in detail administrative costs and identifies the payees of those costs in a

manner consistent with the provisions of Article 5 (commencing with Section 5200) of Chapter 6.

(b) If the community service organization does not comply with the standards, the report shall disclose the noncompliance in detail. If a community service organization is responsible for the maintenance of major components for which an association would otherwise be responsible, the community service organization shall supply to the association the information regarding those components that the association would use to complete disclosures and reserve reports required under this article and Section 5300. An association may rely upon information received from a community service organization, and shall provide access to the information pursuant to the provisions of Article 5 (commencing with Section 5200) of Chapter 6.

B. Notes

The Bungalows Community Association
 Claremont, California
RDA Owner's Summary

Report Date	October 31, 2022	Parameters:	
Version	006	Inflation	3.00%
Account Number	13067	Annual Contribution Increase	3.00%
Budget Year Beginning	1/ 1/23	Investment Yield	1.00%
Ending	12/31/23	Taxes on Yield	30.00%
Total Units Included	54	Contingency	3.00%
Phase Development	1 of 1	Reserve Fund Balance as of	
		1/ 1/23:	\$104,032.00

Project Profile & Introduction

For budgeting purposes, unless otherwise indicated within this report, we have used February 1999 as the basis for aging all of the original components examined in this analysis.

RDA On-Site Inspection: October 28, 2022

RDA Summary of Calculations

Monthly Contribution to Reserves Required:	\$2,278.42
(\$42.19 per unit per month)	
Average Net Monthly Interest Contribution This Year:	55.14
Net Monthly Allocation to Reserves 1/ 1/23 to 12/31/23:	\$2,333.56
(\$43.21 per unit per month)	

RDA Reserve Management Software
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The Bungalows Community Association
RDA Owner's Summary

REPORT DATE: October 31, 2022
VERSION: 006
ACCOUNT NUMBER: 13067

DESCRIPTION	USE	+/-	REM	CURRENT	FULLY	ASSIGNED
	LIFE		LIFE	COST	FUNDED	RESERVES
					RESERVES	RESERVES
Streets - Asphalt Overlay	20	+12	8	93,513	70,135	30,339
Streets - Asphalt Repairs	4	0	1	4,072	3,054	3,054
Streets - Asphalt Slurry Sealing	4	0	1	6,843	5,132	5,132
Streets - Concrete, Repairs	25	+2	3	16,641	14,786	14,786
*** CATEGORY SUMMARY:				121,068	93,107	53,311
Paint - Woodwork, Gazebo	5	0	0	1,500	1,500	1,500
*** CATEGORY SUMMARY:				1,500	1,500	1,500
Fencing - Vinyl, Park Area	20	0	9	6,270	3,437	0
Walls - Block, Repairs	30	+3	9	16,107	11,703	0
*** CATEGORY SUMMARY:				22,377	15,140	0
Lighting - Street, Unfunded	99	0	75	0	0	0
*** CATEGORY SUMMARY:				0	0	0
Park Area - Furniture, Bench	18	0	0	1,378	1,378	1,378
Park Area - Furniture, Replace	18	+9	3	5,298	4,708	4,708
Park Area - Gazebo	20	0	14	17,206	5,111	0
Park Area - Lighting	18	0	6	2,284	1,519	1,519
Park Area - Play Platform	16	0	0	15,000	15,000	15,000
Park Area - Sand Replacement	5	0	0	1,000	1,000	1,000
*** CATEGORY SUMMARY:				42,166	28,716	23,605
Mailboxes - Pedestal Sets	18	0	5	9,032	6,511	6,511
Signs - Address	14	0	8	2,400	1,020	1,020
Signs - Monument	35	0	11	7,218	4,944	0
Signs - Traffic	20	+7	3	2,839	2,523	2,523
*** CATEGORY SUMMARY:				21,489	14,998	10,054
Irrigation - Backflow Devices	30	0	6	2,882	2,304	2,304
Irrigation - Controllers	15	+12	3	7,572	6,728	6,728
Irrigation - Enclosures	30	+6	12	6,090	4,055	0
*** CATEGORY SUMMARY:				16,544	13,087	9,032
Landscape - Tree Trim/Removal	1	0	0	3,500	3,500	3,500
*** CATEGORY SUMMARY:				3,500	3,500	3,500

The Bungalows Community Association
RDA Owner's Summary

DESCRIPTION	USE +/- REM LIFE LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
TOTAL ASSET SUMMARY:		228,644	170,048	101,002
CONTINGENCY @ 3.00%:			5,101	3,030
GRAND TOTAL:			175,150	104,032

Percent Fully Funded: 59%