

# Better Reserve Consultants

4132 S. Rainbow Blvd., Suite 290  
Las Vegas, Nevada 89103  
(702)-605-1200

4111 Rancheria Drive  
Fallon, Nevada 89406  
(775)427-1617

## Funding Reserve Analysis

*for*

## La Jolla Classic HOA Full Study 2013 Final Draft

November 6, 2012



**Funding Reserve Analysis**  
*for*  
**La Jolla Classic HOA Full Study 2013 Final**  
**Draft**

**Table of Contents**

<b>Pages</b>	<b>Subject</b>
1 .....	Report Cover Sheet
2 .....	Table of Contents
3 to 10 .....	Reserve Study Summary
11 to 12 .....	Reserve Item Summary
13 to 14 .....	Present Cost Report
15 .....	Cash Flow
16 .....	Dues Summary
17 to 20 .....	Expense Report
21 .....	Expense Summary

# Better Reserve Consultants

4132 S. Rainbow Blvd., Suite 290  
Las Vegas, Nevada 89103  
(702)-605-1200

4111 Rancheria Drive  
Fallon, Nevada 89406  
(775)427-1617

November 6, 2012

Subject: La Jolla Classic HOA Full Study 2013 Final Draft

Better Reserve Consultants

Mari Jo Betterley

State of Nevada Reserve Specialist RSS. 0000025

Visit Our Web Site- google: [www.BetterReserveConsultants.com](http://www.BetterReserveConsultants.com)

Email Address: [BetterReserves@cccomm.net](mailto:BetterReserves@cccomm.net)

La Jolla Homeowners Association Board of Directors,

Better Reserve Consultants is pleased to present to La Jolla Classic Homeowners Association Board of Directors the requested Reserve Funding study. We believe that you will find the attached study to be thorough and complete. After you have had an opportunity to review the report you may have questions. Please do not hesitate to write or call - we would be pleased to answer any questions you may have.

A Full Reserve Study is required every 5 years. The Reserve Study should be reviewed at least annually and any adjustments to the Association's funding plan should be made to provide adequate funding for the required reserves. Because of our economic conditions it is important to complete a Reserve Study Update each year to ensure adequate funding of the Reserves while keeping the assessments as low as possible.

\*Most recent Full Study completed: January 1, 2013

\*Next Full Study Due: January 1, 2018

\*Annual Review of the Reserve Study: Should be completed in the fall of 2013 for the year 2014, prior to budget.

NRS 116.31152 Study of reserves; duties of executive board regarding study; person who conducts study required to hold permit; contents of study; submission of summary of study to Division; use of money credited against residential construction tax for upkeep of park facilities and related improvements identified in study.

1. The executive board shall:

(a) At least once every 5 years, cause to be conducted a study of the reserves required to repair, replace and restore the major components of the common elements;

(b) At least annually, review the results of that study to determine whether those reserves are sufficient; and

(c) At least annually, make any adjustments to the association's funding plan which the executive board deems necessary to provide adequate funding for the required reserves.

### Project Description

The La Jolla Homeowners Association is located in Las Vegas, Nevada. The Association consists of 132 Assessment Paying Members in Single Family Homes. The Common Elements include: Asphalt Roads and Parking, Concrete Walkways, Common Area Block Walls, Gated Entry and Exit, Major Landscaping and a Drainage Swale. The Association is well maintained and in overall good condition.

### Depth of Study

Full Reserve Study with a Field Inspection

A field inspection was made to verify the existing condition of the various reserve study components, their physical condition, and to verify component quantities. In place testing, laboratory testing, and non-destructive testing of the reserve study components were not performed. Field measurements of component quantities were made to either verify improvement plan take offs or determine directly the quantities of various components. If possible, actual Bids or recent costs from Contractors were used.

### Summary of Financial Assumptions

The below table contains a partial summary of information provided by the Homeowner Association and/ or the Community Manager.

The chart below lists an Operating Budget of "Zero" Dollars. If the Board of Directors requests, it is possible to include the Operating Budget Annual Budget in the Calculation. This Chart also includes a Minimum Balance line --no minimum balance has been set for this Association.

This chart also lists the Minimum Reserve Balance as "Zero" Dollars. It is possible to enter a "threshold" or "cushion" into the Study so that the Reserve Balance does not go below a set amount. No minimum balance has been set for this Study.

<i>Reserve Study by Calendar Year Starting</i>	<i>January 1, 2013</i>
<i>Funding Study Length</i>	<i>30 Years</i>
<i>Number of Dues Paying Members</i>	<i>132</i>
<i>Reserve Balance as of January 1, 2013<sup>1</sup></i>	<i>\$168,521</i>
<i>Annual Inflation Rate</i>	<i>2.50%</i>
<i>Tax Rate on Reserve Interest <sup>2</sup></i>	<i>30.00%</i>
<i>Minimum Reserve Account Balance</i>	<i>\$0</i>
<i>Dues Change Period</i>	<i>3 Years</i>
<i>Annual Operating Budget</i>	<i>\$0</i>

<sup>1</sup> See "Financial Condition of Association" in this report.

<sup>2</sup> Taxed as an IRS exempt association

### Reserve Study Assumptions

Cost estimates and financial information are accurate and current. No unforeseen circumstances will cause a significant reduction of reserves. Sufficient comprehensive property insurance exists to protect from insurable risks. The association plans to continue to maintain the existing common areas and amenities. Reserve payments occur at the end of every calendar month. Expenses occur at the end of the expense year.

\*If Present, Water and Sewer Line Replacement is not included as a Component in this Study.

\*Complete replacement of the Steel Light Fixtures has not been included in this Study because it is estimated that they will have an estimated useful life of more than 30 years. Annual evaluation is recommended.

\*The Gate Information, Replacement Cost, and Estimated Useful Life was provided by PeeWee at the Lee Co Gate Company.

\*Total Concrete Replacement has not been included in the Reserve Study. A Contingency Fund for Concrete Replacement has been set up to be used "as needed." The Total Concrete Walkway measures 15,500 lineal feet. A Contingency of \$3,000 is available to be used every 3 years. This cost may be adjusted with the Annual Reserve Study Review as needed.

\*The HOA Perimeter walls measure approximately 1625 Lineal Feet. Complete Replacement of the Perimeter Walls is not scheduled in the Study. A Contingency Fund of \$5000.00 every 5 years has been set up for repair and replacement of the walls. The walls are scheduled to be painted every 8 years. This Report will be updated with "real costs" from bids submitted later this week.

\*The Component Asphalt Roads Overlay has been removed from this report on request from the Board of Directors. There has been communication between the Directors and the City regarding the Useful Life of the Streets. The City Representative has stated that the Streets will never need an overlay. The treatment recommended is to have the streets Slurry Sealed every 10 years with a Type II Slurry Seal.

This information is greatly different than the information provided to the Reserve Study Specialist by Asphalt Engineers. The Board of Directors has been made aware that they will take full responsibility for this decision. The Reserve Specialist is only following their direction and has advised against the removal of the Component Asphalt Overlay. The Reserve Specialist has also recommended scheduling an Asphalt Type II Slurry Seal at intervals of every 6-8 years, rather than every 10 years.

Further evaluation by a Licensed Asphalt Engineer and Annual Review of this Component is Strongly recommended. Documentation from the Directors will be attached to the final Reserve Study.

### Impact of Component Life

The projected life expectancy of the major components and the reserve funding needs of the association are closely tied.

Performing the appropriate routine maintenance for each major component generally increases the component useful life, effectively moving the component expense into the future which reduces the reserve funding payments of the association.

Failure to perform such maintenance can shorten the remaining useful life of the major components, bringing the replacement expense closer to the present which increases the reserve funding payments of the association.

An Annual Reserve Study Update is strongly recommended.

### **Inflation Estimate**

The Report includes an inflation rate based on the National Inflation Average- It does not necessarily reflect "today's" inflation. This Report should be updated each year to evaluate the inflation rate.

### **Initial Reserves**

The Beginning Reserve Balance for this Reserve Study has been provided by the Management Company. If the Reserve Study Start Date is not the date that the Reserve Study was prepared, the Initial Reserves may be an estimation of a future Reserve Bank Account Balance.

NRS 116.31144 Audit and review of financial statements.

1. Except as otherwise provided in subsection 2, the executive board shall:

(a) If the annual budget of the association is \$45,000 or more but less than \$75,000, cause the financial statement of the association to be reviewed by an independent certified public accountant during the year immediately preceding the year in which a study of the reserves of the association is to be conducted pursuant to NRS 116.31152.

### **Reserve Funding Goal**

The Reserve Funding Goal is based on the Full Funding/ Component Method in this Study.

### **Study Method**

Full Funding Method: Setting a Reserve Funding Goal of attaining and maintaining Reserves at or near 100 percent funded.

The Full Funding Method allows funding of each Component based on an estimation of the replacement cost and the remaining useful life. This method allows an Association to be adequately funded without the need for a Special Assessment as long as annual updates are completed and there are no unforeseen circumstances.

Where possible, known costs have been used. We rely on recent costs/ bids from local Contractors. In addition, every reserve item has been given an estimated remaining useful life, an estimated useful life when new, and has been cast into the future to determine the inflated cost.

Equal annual payments are calculated for each reserve item based upon a payment starting year and a payment ending year using the end of period payment method. Interest earned on accumulated reserve funds and taxes on the reserve interest are also calculated. Initial reserve funds are consumed as expenses occur until fully depleted, reducing annual reserve payments to a minimum. As you review this report, we are certain that you will appreciate the level of detail provided, allowing you to review each reserve item in detail.

### **Summary of Findings**

Better Reserve Consultants has estimated future projected expenses for La Jolla Classic HOA Full Study 2013 Final Draft based upon preservation of existing improvements.

The attached funding study is limited in scope to those expense items listed in the attached "La Jolla Classic HOA Full Study 2013 Final Draft Reserve Study Expense Items". Expense items which have an expected life of more than 30 Years are not included in this reserve study unless payment for these long lived items overlaps the 30 Years reserve study envelope.

La Jolla Classic Homeowners Association Board of Directors represents and warrants that the information provided to Better Reserve Consultants, including but not limited to that information contained in the attached Reserve Study Information Summary, that the maintenance records are complete and accurate, and that Better Reserve Consultants may rely upon such information and documents without further verification or corroboration. Where the age of a particular Reserve Item (as listed in the Reserve Study) is unknown, La Jolla Classic Homeowners Association Board of Directors shall provide to Better Reserve Consultants La Jolla Classic Homeowners Association Board of Directors's best-estimated age of that item. If La Jolla Classic Homeowners Association Board of Directors is unable to provide and estimate of a Reserve Item's age, Better Reserve Consultants shall make its own estimate of age of the Reserve Item. The Reserve Study is created for the association's use, and is a reflection of information provided to Better Reserve Consultants.

This information is not for the purpose of performing an audit, historical records, quality or forensic analyses. Any on site inspection is not considered to be a project audit or quality inspection.

### **Percent Funded**

Many reserve studies use the concept of "Percent Funded" to measure the reserve account balance against a theoretically perfect value. Percent Funded is often used as a measure of the "Financial Health" of an association. The assumption is, the higher the percentage, the greater the "Financial Health". The question of substance is simply: How much is enough?

To answer the question, some understanding of Percent Funded is required. Percent Funded is the ratio of current cash reserves divided by the Fully Funded value at any instant in time. Fully Funded is defined as the present value of the sum of all reserve items divided by the expected life of each item. In essence, Fully Funded is simply the total of the average net present value of the association improvements.

Reserve items with a remaining life greater than the study life are not included in the calculation. For example; building framing, foundations, water lines, sewer lines and other long-lived items that fall outside the envelope of the reserve study are excluded from the calculation. Percent Funded is then, the current reserve balance divided by the Fully Funded value multiplied by 100 (to give a percentage).

The concept of percent funded is useful when the reserve study is comprehensive, but misleading when the reserve study is superficial or constrained. As a result, we recommend that the statement "Percent Funded" be used with caution.

### **Keeping Your Reserve Study Current**

Better Reserve Consultants believes that funding studies are an essential part of property management. People and property are constantly changing and evolving. As a result, the useful life of a funding study is at best a few years, and certainly not more than five years.

This reserve study should be updated:

- \*At least once a year
- \*At changes in interest rates
- \*At changes in inflation rates
- \*At changes in the number of dues paying members
- \*Before starting new improvements
- \*Before making changes to the property
- \*After a flood or fire
- \*After the change of ownership or management
- \*After Annexation or Incorporation.

Remember, a Reserve Study is a "working tool"-- the Study is only as accurate as the information obtained. An Annual Update is strongly recommended!

#### **Items Beyond the Scope of this Report**

Building code or zoning ordinance violations.  
Geological stability or soils conditions.  
Structural stability or engineering analysis.  
Termites, pests or other destroying organisms.  
Asbestos, radon, formaldehyde, lead, water or air quality, electromagnetic radiation or any environmental hazards.  
Building value or appraisals.  
Specific components noted as excluded on the report.  
Adequacy of efficiency of any system or component.  
Information not provide by the management company or association necessary to identify all assets.

#### **Log**

Better Reserve Consultants relies on the Information obtained from the Management Company and the Board of Directors to be true and factual. Estimated Age and Useful Life may be influenced by this Data. Information provided by the official representative of the association regarding financial, physical, quantity or historical issues will be deemed reliable by the consultant.

Any information provided about the reserve projects will be considered reliable.

Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer.

A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

The Estimated Useful Life and Expected Useful Life of each Component is an estimation only and should not be considered a warranty or guaranty of any kind. There are no guarantees, express or implied, that have been given with the predictions for the cost or life expectancy of any of the major components.

Material issues which, if not disclosed, would cause the condition of the association to be misrepresented.



If this is a Reserve Study Update that has been completed on a previous Reserve Study, quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies.

A copy of the Component Lists from the Previous Reserve Study is included with the Final Draft as "Addendum I" at the end of the Report.

NAC 116.425 Reserve study: Contents. (NRS 116.31152, 116.615)

1. A reserve study must, in addition to the requirements set forth in NRS 116.31152, include:

(a) A copy of the component inventory from the previous reserve study if such copy was provided by the executive board to the person conducting the reserve study;

NAC 116.430 Reserve study: Required disclosures. (NRS 116.31152, 116.615) A person conducting a reserve study and any consultant assisting in the preparation of a reserve study shall include in the reserve study the following disclosures:

...

3. Whether the person conducting or assisting in the preparation of the reserve study is bonded or has professional liability insurance.

Better Reserve Consultants does have Professional Liability Insurance and General Liability Insurance through United States Liability Company. Verification of such insurance is available upon request.

### Statement of Qualifications

Mari Jo Betterley:

\*State of Nevada Reserve Specialist RSS.0000025

\*Over 700 Reserve Studies and Reserve Study Updates completed in Nevada and California

\*Attendance at over 500 Homeowner Association Executive Board Meetings and Homeowner Meetings to explain and discuss the Reserve Study and State of Nevada Laws in detail.

\*Graduate- University of Nevada Reno- 1983

\*Community Association Institute Business Partner- Northern Nevada

\*Volunteer, Education Committee Member- Community Association Institute 2011-present

\*Approved Instructor to teach a Continuing Education Course for the State of Nevada. "The Manager's Role/ How to Read and Interpret a Reserve Study" -- CE.0166000-CAM. Course written by Mari Jo Betterley.

\*Trainer- Community Association Institute "Essentials Class" for Homeowners, Board Members 2011, 2012.

\*Tim Betterley:Assists the Reserve Specialists with measurement of property/ components.

We take pride in offering a Higher Level of Customer Service-- We will walk through the property with the Board of Directors to discuss each component, the expected useful life and the replacement cost.

We will attend a Board Meeting to present the Study. Our goal is that the Reserve Study is a tool that the Board actually uses.

**Conflict of Interest**

As the preparer of this reserve study, Better Reserve Consultants certifies that we do not have any vested interests, financial interests, or other interests that would cause a conflict of interest in the preparation of this reserve study.

**Financial Condition of Association**

The Homeowners Association is adequately funded as long as the Cash Flow Analysis is followed and there are no unforeseen circumstances.

Of primary concern is the preservation of a positive funding balance with funds sufficient to meet projected expenses throughout the study life. Based upon the attached funding study, it is our professional opinion that member monthly fees as shown in the attached "La Jolla Classic HOA Full Study 2013 Final Draft Dues Summary" will realize this goal.

The Cash Flow Analysis in this Report identifies the Percent Funded for each fiscal year. The Funding allows for replacement or repair of all components without a Special Assessment.

The Reserve Study is considered a "working tool" and should be re-evaluated every year. What is accurate this year, may not be accurate in future years. Each year the Reserve Study should be updated with recent history and actual costs along with future costs.

Nevada Revised Statutes requires that the Association Reserve Fund is "Adequately Funded."

NAC 116.425 Reserve study: Contents. .... As used in this section, "adequately funded reserve" means the funds sufficient to maintain the common elements:

- (a) At the level described in the governing documents and in a reserve study; and
- (b) Without using the funds from the operating budget or without special assessments, except for occurrences that are a result of unforeseen catastrophic events.

A Reserve Study Update is strongly recommended.

Better Reserve Consultants would like to thank the Homeowners Association Board of Directors for the opportunity to be of service in the preparation of the attached Funding Study. Again, please feel free call if you have any questions.

Prepared by:

---

Mari Jo Betterley  
Reserve Specialist  
Nevada State RSS.0000025

**La Jolla Classic HOA Full Study 2013 Final Draft Reserve Study Expense Item Summary**

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Repeating Item?
<b>Entrances</b>					
Gate Replacement	\$20,000	18 Years	40 Years	\$32,144	Yes
Gate Painting	\$500	2 Years	5 Years	\$539	Yes
Gate Motors/ Operators	\$20,000	11 Years	15 Years	\$26,989	Yes
Inground Loops	\$6,800	5 Years	7 Years	\$7,899	Yes
Loop Detectors	\$3,200	5 Years	7 Years	\$3,717	Yes
Door King Key Pad Entry System	\$3,500	2 Years	7 Years	\$3,772	Yes
AVI Detector	\$1,350	6 Years	7 Years	\$1,608	Yes
Stucco Wall at Entrances Repair or Replacement as Needed	\$22,000	28 Years	50 Years	\$45,390	Yes
Stucco Wall at Entrances Painting	\$1,600	0 Years	5 Years	\$1,640	Yes
Entrance Monuments/ Signage	\$7,500	7 Years	10 Years	\$9,159	Yes
Landscaping Lighting at Entrances Upgraded 2012	\$2,580	29 Years	30 Years	\$5,458	Yes
Pedestrian Gates	\$1,000	18 Years	40 Years	\$1,607	Yes
Pedestrian Gate Locks	\$1,287	19 Years	20 Years	\$2,121	Yes
<b>Asphalt Roads</b>					
Type II Slurry Seal Streets	\$37,000	0 Years	10 Years	\$37,936	Yes
Crack Fill	\$2,500	2 Years	2 Years	\$2,695	Yes
Patching as Needed	\$10,000	5 Years	5 Years	\$11,617	Yes
GE ERS Series LED Cobra Head Street Lighting Fixtures Replacement as Needed	\$1,000	5 Years	5 Years	\$1,162	Yes
Concrete Curbing and Sidewalks Repair or Replacement as Needed - Contingency	\$2,500	0 Years	2 Years	\$2,563	Yes
Street Name Signs	\$3,000	0 Years	20 Years	\$3,076	Yes
Evaluation of Roads by an Asphalt Engineer	\$5,000	10 Years	10 Years	\$6,581	Yes
<b>Landscaping and Irrigation</b>					
Major Landscaping and Irrigation as Needed - Contingency Fund	\$2,500	0 Years	2 Years	\$2,563	Yes
Entrance Renovation One Time Cost	\$10,000	0 Year	1 Years	\$10,253	No

La Jolla Classic HOA Full Study 2013 Final Draft Funding Study Expense Item Summary - Continued

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Repeating Item?
<b>Block Walls and Fencing</b>					
Perimeter and Interior HOA Wall Repair and Replacement as Needed- Contingency	\$3,000	3 Years	3 Years	\$3,315	Yes
Perimeter Wall Painting	\$10,000	10 Years	10 Years	\$13,162	Yes
Wrought Iron Fencing on Top of Block Wall at Entrance Replacement	\$5,000	18 Years	40 Years	\$8,036	Yes
Wrought Iron Fencing on Top of Block Wall at Entrance Painting	\$500	2 Years	5 Years	\$539	Yes
<b>Concrete Drainage</b>					
Concrete Drainage Replacement	\$5,500	30 Years	40 Years	\$11,929	Yes
<b>Reserve Study</b>					
Full Reserve Study	\$1,000	4 Years	5 Years	\$1,133	Yes
Reserve Study Annual Update	\$250	0 Year	1 Years	\$256	Yes

Months Remaining in Calendar Year 2013: 12

Expected annual inflation: 2.50%

Interest earned on reserve funds: 0.50%

Initial Reserve: \$168,521

## Present Costs

Category	Item Name	No Units	Unit Cost	Present Cost	Net Present Value	Depreciation
Entrances	Gate Replacement	8	\$2,500.00 ea	\$20,000.00	\$9,000.00	\$11,000.00
	Gate Painting	1	\$500.00 ea	\$500.00	\$200.00	\$300.00
	Gate Motors/ Operators	8	\$2,500.00 ea	\$20,000.00	\$14,666.67	\$5,333.33
	Inground Loops	16	\$425.00 ea	\$6,800.00	\$4,857.14	\$1,942.86
	Loop Detectors	16	\$200.00 ea	\$3,200.00	\$2,285.71	\$914.29
	Door King Key Pad Entry System	1	\$3,500.00 ea	\$3,500.00	\$1,000.00	\$2,500.00
	AVI Detector	2	\$675.00 ea	\$1,350.00	\$1,157.14	\$192.86
	Stucco Wall at Entrances Repair or Replacement as Needed	1	\$22,000.00 ea	\$22,000.00	\$12,320.00	\$9,680.00
	Stucco Wall at Entrances Painting	1	\$1,600.00 ea	\$1,600.00	\$0.00	\$1,600.00
	Entrance Monuments/ Signage	3	\$2,500.00 ea	\$7,500.00	\$5,250.00	\$2,250.00
	Landscaping Lighting at Entrances Upgraded 2012	1	\$2,580.00 ea	\$2,580.00	\$2,494.00	\$86.00
	Pedestrian Gates	2	\$500.00 ea	\$1,000.00	\$450.00	\$550.00
Pedestrian Gate Locks	2	\$643.65 ea	\$1,287.30	\$1,222.93	\$64.37	
Entrances Sub Total =				\$91,317.30	\$54,903.60	\$36,413.70
Asphalt Roads	Type II Slurry Seal Streets	185000 • ft	\$0.20 / • ft	\$37,000.00	\$0.00	\$37,000.00
	Crack Fill	1	\$2,500.00 ea	\$2,500.00	\$2,500.00	\$0.00
	Patching as Needed	1	\$10,000.00 ea	\$10,000.00	\$10,000.00	\$0.00
	GE ERS Series LED Cobra Head Street Lighting Fixtures Replacement as Needed	1	\$1,000.00 ea	\$1,000.00	\$1,000.00	\$0.00
	Concrete Curbing and Sidewalks Repair or Replacement as Needed - Contingency	1	\$2,500.00 ea	\$2,500.00	\$0.00	\$2,500.00
	Street Name Signs	1	\$3,000.00 ea	\$3,000.00	\$0.00	\$3,000.00
	Evaluation of Roads by an Asphalt Engineer	1	\$5,000.00 ea	\$5,000.00	\$5,000.00	\$0.00
Asphalt Roads Sub Total =				\$61,000.00	\$18,500.00	\$42,500.00
Landscaping and Irrigation	Major Landscaping and Irrigation as Needed - Contingency Fund	1	\$2,500.00 ea	\$2,500.00	\$0.00	\$2,500.00
	Entrance Renovation One Time Cost	1	\$10,000.00 ea	\$10,000.00	\$0.00	\$10,000.00
Landscaping and Irrigation Sub Total =				\$12,500.00	\$0.00	\$12,500.00

Present Costs - Continued

Category	Item Name	No Units	Unit Cost	Present Cost	Net Present Value	Depreciation
Block Walls and Fencing	Perimeter and Interior HOA Wall Repair and Replacement as Needed- Contingency	1	\$3,000.00 ea	\$3,000.00	\$3,000.00	\$0.00
	Perimeter Wall Painting	1	\$10,000.00 ea	\$10,000.00	\$10,000.00	\$0.00
	Wrought Iron Fencing on Top of Block Wall at Entrance Replacement	1	\$5,000.00 ea	\$5,000.00	\$2,250.00	\$2,750.00
	Wrought Iron Fencing on Top of Block Wall at Entrance Painting	1	\$500.00 ea	\$500.00	\$200.00	\$300.00
Block Walls and Fencing Sub Total =				\$18,500.00	\$15,450.00	\$3,050.00
Concrete Drainage	Concrete Drainage Replacement	1000	\$5.50 ea	\$5,500.00	\$4,125.00	\$1,375.00
Reserve Study	Full Reserve Study	1	\$1,000.00 ea	\$1,000.00	\$800.00	\$200.00
	Reserve Study Annual Update	1	\$250.00 ea	\$250.00	\$0.00	\$250.00
Reserve Study Sub Total =				\$1,250.00	\$800.00	\$450.00
Totals =				\$190,067.30	\$93,778.59	\$96,288.71

**La Jolla Classic HOA Full Study 2013 Final Draft Funding Study Modified Cash Flow Analysis**

Calendar Year	Annual Payment	Annual Interest	Annual Expenses	Annual Income Tax	Net Reserve Funds	% Funded
2013	\$4,582	\$853	\$58,288	\$256	\$115,413	89.6 %
2014	\$12,041	\$605	\$263	\$181	\$127,614	138.8 %
2015	\$13,187	\$668	\$13,203	\$200	\$128,066	113.2 %
2016	\$14,390	\$673	\$3,591	\$202	\$139,336	113.9 %
2017	\$15,653	\$733	\$9,914	\$220	\$145,588	102.8 %
2018	\$16,980	\$767	\$26,544	\$230	\$136,561	88.1 %
2019	\$18,373	\$725	\$14,411	\$217	\$141,030	92.2 %
2020	\$19,836	\$751	\$10,685	\$225	\$150,706	92.2 %
2021	\$21,372	\$803	\$9,703	\$241	\$162,937	91.4 %
2022	\$22,984	\$867	\$9,949	\$260	\$176,579	90.8 %
2023	\$24,677	\$940	\$95,224	\$282	\$106,690	50.7 %
2024	\$26,455	\$594	\$27,326	\$178	\$106,235	73.8 %
2025	\$28,322	\$596	\$30,092	\$179	\$104,882	71.8 %
2026	\$30,282	\$594	\$2,270	\$178	\$133,310	91.2 %
2027	\$32,340	\$741	\$12,726	\$222	\$153,442	88.0 %
2028	\$34,501	\$846	\$23,636	\$254	\$164,900	85.7 %
2029	\$36,771	\$909	\$17,200	\$273	\$185,107	92.4 %
2030	\$39,153	\$1,015	\$13,716	\$305	\$211,255	98.2 %
2031	\$41,655	\$1,152	\$59,065	\$346	\$194,651	83.2 %
2032	\$44,282	\$1,075	\$20,660	\$322	\$219,025	104.6 %
2033	\$47,040	\$1,203	\$129,587	\$361	\$137,320	61.3 %
2034	\$47,040	\$795	\$5,630	\$238	\$179,286	135.3 %
2035	\$47,040	\$1,004	\$15,541	\$301	\$211,489	127.9 %
2036	\$47,040	\$1,165	\$6,829	\$350	\$252,516	133.8 %
2037	\$47,040	\$1,371	\$21,938	\$411	\$278,578	125.9 %
2038	\$47,040	\$1,501	\$24,598	\$450	\$302,070	126.2 %
2039	\$47,040	\$1,618	\$74,090	\$485	\$276,153	108.1 %
2040	\$47,040	\$1,489	\$26,361	\$447	\$297,874	133.0 %
2041	\$47,040	\$1,597	\$61,379	\$479	\$284,653	118.1 %
2042	\$48,236	\$1,534	\$8,102	\$460	\$325,861	144.5 %
2043	\$48,236	\$1,740	\$182,942	\$522	\$192,373	73.2 %
<b>Totals :</b>	<b>\$1,017,668</b>	<b>\$30,924</b>	<b>\$1,015,463</b>	<b>\$9,277</b>		

The cash distribution shown in this table applies to repair and replacment cash reserves only.

Basis of Funding Study - Modified Cash Flow

Cash reserves have been set to a minimum of \$0

Cash Flow has been modified with the forced Fixed Payments.

Months Remaining in Calendar Year 2013: 12      Inflation = 2.50 %      Interest = 0.50 %

Study Life = 30 years      Initial Reserve Funds = \$168,521.00      Final Reserve Value = \$192,372.63

Annual Payments Held Constant for 3 years

**La Jolla Classic HOA Full Study 2013 Final Draft Modified Reserve Payment Summary**

**Projected Payments by Month and by Calendar Year**

Calendar Year	Member Monthly Operations Payment	Member Monthly Reserve Payment	Member Total Monthly Payment	Member Total Annual Payment	Monthly Reserve Contribution	Annual Reserve Contribution
2013	NA	\$2.89	\$2.89	\$34.71	\$382	\$4,582
2014	NA	\$7.60	\$7.60	\$91.22	\$1,003	\$12,041
2015	NA	\$8.33	\$8.33	\$99.90	\$1,099	\$13,187
2016	NA	\$9.08	\$9.08	\$109.02	\$1,199	\$14,390
2017	NA	\$9.88	\$9.88	\$118.58	\$1,304	\$15,653
2018	NA	\$10.72	\$10.72	\$128.64	\$1,415	\$16,980
2019	NA	\$11.60	\$11.60	\$139.19	\$1,531	\$18,373
2020	NA	\$12.52	\$12.52	\$150.27	\$1,653	\$19,836
2021	NA	\$13.49	\$13.49	\$161.91	\$1,781	\$21,372
2022	NA	\$14.51	\$14.51	\$174.12	\$1,915	\$22,984
2023	NA	\$15.58	\$15.58	\$186.95	\$2,056	\$24,677
2024	NA	\$16.70	\$16.70	\$200.42	\$2,205	\$26,455
2025	NA	\$17.88	\$17.88	\$214.56	\$2,360	\$28,322
2026	NA	\$19.12	\$19.12	\$229.41	\$2,524	\$30,282
2027	NA	\$20.42	\$20.42	\$245.00	\$2,695	\$32,340
2028	NA	\$21.78	\$21.78	\$261.37	\$2,875	\$34,501
2029	NA	\$23.21	\$23.21	\$278.57	\$3,064	\$36,771
2030	NA	\$24.72	\$24.72	\$296.61	\$3,263	\$39,153
2031	NA	\$26.30	\$26.30	\$315.57	\$3,471	\$41,655
2032	NA	\$27.96	\$27.96	\$335.47	\$3,690	\$44,282
2033	NA	\$29.70	\$29.70	\$356.36	\$3,920	\$47,040
2034	NA	\$29.70	\$29.70	\$356.36	\$3,920	\$47,040
2035	NA	\$29.70	\$29.70	\$356.36	\$3,920	\$47,040
2036	NA	\$29.70	\$29.70	\$356.36	\$3,920	\$47,040
2037	NA	\$29.70	\$29.70	\$356.36	\$3,920	\$47,040
2038	NA	\$29.70	\$29.70	\$356.36	\$3,920	\$47,040
2039	NA	\$29.70	\$29.70	\$356.36	\$3,920	\$47,040
2040	NA	\$29.70	\$29.70	\$356.36	\$3,920	\$47,040
2041	NA	\$29.70	\$29.70	\$356.36	\$3,920	\$47,040
2042	NA	\$30.45	\$30.45	\$365.42	\$4,020	\$48,236
2043	NA	\$30.45	\$30.45	\$365.42	\$4,020	\$48,236

*Dues Summary has been modified with forced Fixed Payments.*

*In the context of the Reserve Payment Summary, the "Annual Reserve Payment" corresponds with the "Annual Revenue" in the Cash Flow report.*

*Number of Payment Months in Calendar Year 2013: 12*

*Number of Years of Constant Payments: 3*

*Number of Dues Paying Members: 132*



**La Jolla Classic HOA Full Study 2013 Final Draft Funding Study - Expenses by Item and by Calendar Year**

Item Description	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Reserve Category : Entrances</b>																				
Gate Replacement																			\$32,144	
Gate Painting			\$539					\$611					\$692						\$784	
Gate Motors/ Operators												\$26,989								
Inground Loops						\$7,899							\$9,408							\$11,205
Loop Detectors						\$3,717							\$4,427							\$5,273
Door King Key Pad Entry System			\$3,772							\$4,493							\$5,351			
AVI Detector							\$1,608							\$1,915						
Stucco Wall at Entrances Repair or Replacement as Needed																				
Stucco Wall at Entrances Painting	\$1,640					\$1,859					\$2,106					\$2,386				
Entrance Monuments/ Signage								\$9,159										\$11,757		
Landscaping Lighting at Entrances Upgraded 2012																				
Pedestrian Gates																			\$1,607	
Pedestrian Gate Locks																				\$2,121
Category Subtotal :	\$1,640		\$4,311			\$13,475	\$1,608	\$9,770		\$4,493	\$2,106	\$26,989	\$14,527	\$1,915		\$2,386	\$5,351	\$12,541	\$33,751	\$18,599
<b>Reserve Category : Asphalt Roads</b>																				
Type II Slurry Seal Streets	\$37,936										\$48,698									
Crack Fill			\$2,695		\$2,833		\$2,978		\$3,130		\$3,290		\$3,459		\$3,636		\$3,822		\$4,018	
Patching as Needed						\$11,617					\$13,162					\$14,912				
GE ERS Series LED Cobra Head Street Lighting Fixtures Replacement as Needed						\$1,162					\$1,316					\$1,491				
Concrete Curbing and Sidewalks Repair or Replacement as Needed - Contingency	\$2,563		\$2,695		\$2,833		\$2,978		\$3,130		\$3,290		\$3,459		\$3,636		\$3,822		\$4,018	
Street Name Signs	\$3,076																			
Evaluation of Roads by an Asphalt Engineer											\$6,581									
Category Subtotal :	\$43,575		\$5,390		\$5,666	\$12,779	\$5,956		\$6,260		\$76,337		\$6,918		\$7,272	\$16,403	\$7,644		\$8,036	

**La Jolla Classic HOA Full Study 2013 Final Draft Funding Study Expenses by Calendar Year - Continued**

Item Description	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Reserve Category : Landscaping and Irrigation</b>																				
Major Landscaping and Irrigation as Needed - Contingency Fund	\$2,563		\$2,695		\$2,833		\$2,978		\$3,130		\$3,290		\$3,459		\$3,636		\$3,822		\$4,018	
Entrance Renovation One Time Cost	\$10,253																			
Category Subtotal :	\$12,816		\$2,695		\$2,833		\$2,978		\$3,130		\$3,290		\$3,459		\$3,636		\$3,822		\$4,018	
<b>Reserve Category : Block Walls and Fencing</b>																				
Perimeter and Interior HOA Wall Repair and Replacement as Needed- Contingency				\$3,315			\$3,573			\$3,851			\$4,151			\$4,474			\$4,822	
Perimeter Wall Painting											\$13,162									
Wrought Iron Fencing on Top of Block Wall at Entrance Replacement																			\$8,036	
Wrought Iron Fencing on Top of Block Wall at Entrance Painting			\$539					\$611					\$692					\$784		
Category Subtotal :			\$539	\$3,315			\$3,573	\$611		\$3,851	\$13,162		\$4,843			\$4,474		\$784	\$12,858	
<b>Reserve Category : Concrete Drainage</b>																				
Concrete Drainage Replacement																				
<b>Reserve Category : Reserve Study</b>																				
Full Reserve Study					\$1,133					\$1,284						\$1,454				\$1,648
Reserve Study Annual Update	\$256	\$263	\$269	\$276	\$283	\$290	\$298	\$305	\$313	\$321	\$329	\$337	\$346	\$355	\$364	\$373	\$382	\$392	\$402	\$412
Category Subtotal :	\$256	\$263	\$269	\$276	\$1,416	\$290	\$298	\$305	\$313	\$1,605	\$329	\$337	\$346	\$355	\$1,818	\$373	\$382	\$392	\$402	\$2,060
<b>Expense Totals :</b>	<b>\$58,288</b>	<b>\$263</b>	<b>\$13,203</b>	<b>\$3,591</b>	<b>\$9,914</b>	<b>\$26,544</b>	<b>\$14,411</b>	<b>\$10,685</b>	<b>\$9,703</b>	<b>\$9,949</b>	<b>\$95,224</b>	<b>\$27,326</b>	<b>\$30,092</b>	<b>\$2,270</b>	<b>\$12,726</b>	<b>\$23,636</b>	<b>\$17,200</b>	<b>\$13,716</b>	<b>\$59,065</b>	<b>\$20,660</b>

**La Jolla Classic HOA Full Study 2013 Final Draft Funding Study Expenses by Calendar Year - Continued**

Item Description	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>Reserve Category : Entrances</b>											
Gate Replacement											
Gate Painting			\$888					\$1,006			
Gate Motors/ Operators							\$39,253				
Inground Loops							\$13,346				
Loop Detectors							\$6,280				
Door King Key Pad Entry System				\$6,373							\$7,591
AVI Detector	\$2,281							\$2,717			
Stucco Wall at Entrances Repair or Replacement as Needed									\$45,390		
Stucco Wall at Entrances Painting	\$2,703					\$3,063					\$3,470
Entrance Monuments/ Signage								\$15,092			
Landscaping Lighting at Entrances Upgraded 2012										\$5,458	
Pedestrian Gates											
Pedestrian Gate Locks											
Category Subtotal :	\$4,984		\$888	\$6,373		\$3,063	\$58,879	\$18,815	\$45,390	\$5,458	\$11,061
<b>Reserve Category : Asphalt Roads</b>											
Type II Slurry Seal Streets	\$62,513										\$80,247
Crack Fill	\$4,224		\$4,440		\$4,668		\$4,907		\$5,158		\$5,422
Patching as Needed	\$16,895					\$19,142					\$21,688
GE ERS Series LED Cobra Head Street Lighting Fixtures Replacement as Needed	\$1,690					\$1,914					\$2,169
Concrete Curbing and Sidewalks Repair or Replacement as Needed - Contingency	\$4,224		\$4,440		\$4,668		\$4,907		\$5,158		\$5,422
Street Name Signs	\$5,069										
Evaluation of Roads by an Asphalt Engineer	\$8,448										\$10,844
Category Subtotal :	\$103,063		\$8,880		\$9,336	\$21,056	\$9,814		\$10,316		\$125,792

**La Jolla Classic HOA Full Study 2013 Final Draft Funding Study Expenses by Calendar Year - Continued**

Item Description	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>Reserve Category : Landscaping and Irrigation</b>											
Major Landscaping and Irrigation as Needed - Contingency Fund	\$4,224		\$4,440		\$4,668		\$4,907		\$5,158		\$5,422
Entrance Renovation One Time Cost											
Category Subtotal :	\$4,224		\$4,440		\$4,668		\$4,907		\$5,158		\$5,422
<b>Reserve Category : Block Walls and Fencing</b>											
Perimeter and Interior HOA Wall Repair and Replacement as Needed- Contingency		\$5,197			\$5,601			\$6,037			\$6,507
Perimeter Wall Painting	\$16,895										\$21,688
Wrought Iron Fencing on Top of Block Wall at Entrance Replacement											
Wrought Iron Fencing on Top of Block Wall at Entrance Painting			\$888					\$1,006			
Category Subtotal :	\$16,895	\$5,197	\$888		\$5,601			\$7,043			\$28,195
<b>Reserve Category : Concrete Drainage</b>											
Concrete Drainage Replacement											\$11,929
<b>Reserve Category : Reserve Study</b>											
Full Reserve Study					\$1,867					\$2,115	
Reserve Study Annual Update	\$422	\$433	\$444	\$455	\$467	\$479	\$491	\$503	\$516	\$529	\$542
Category Subtotal :	\$422	\$433	\$444	\$455	\$2,334	\$479	\$491	\$503	\$516	\$2,644	\$542
<b>Expense Totals :</b>	<b>\$129,587</b>	<b>\$5,630</b>	<b>\$15,541</b>	<b>\$6,829</b>	<b>\$21,938</b>	<b>\$24,598</b>	<b>\$74,090</b>	<b>\$26,361</b>	<b>\$61,379</b>	<b>\$8,102</b>	<b>\$182,942</b>

# Better Reserve Consultants

4132 S. Rainbow Blvd., Suite 290  
 Las Vegas, Nevada 89103  
 (702)-605-1200

4111 Rancheria Drive  
 Fallon, Nevada 89406  
 (775)427-1617

Year	Category	Item Name	Expense	
2013	Entrances	Stucco Wall at Entrances Painting	\$1,640	
	Asphalt Roads	Type II Slurry Seal Streets	\$37,936	
		Concrete Curbing and Sidewalks Repair or Replacement as Needed - Contingency	\$2,563	
		Street Name Signs	\$3,076	
	Asphalt Roads Subtotal = \$43,575.00			
	Landscaping and Irrigation	Major Landscaping and Irrigation as Needed - Contingency Fund	\$2,563	
		Entrance Renovation One Time Cost	\$10,253	
	Landscaping and Irrigation Subtotal = \$12,816.00			
	Reserve Study	Reserve Study Annual Update	\$256	
2013 Annual Expense Total = \$58,287				