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Leonard C. Sonnenberg, CPA

**Mesa View
Homeowners Association No. 2
LEVEL III: UPDATE RESERVE STUDY
June 30, 2024**

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(These 3 pages should be distributed to owners as part of annual budget package)	
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Reserve Study Executive Summary

Association Name: Mesa View Homeowners Association No. 2
Location: 8550 Lynx Rd, San Diego, CA **Fiscal Year Ending:** June 30, 2024
No. of Units: 440 **Built:** 1975
Level of Study: Level III: Update with no On-Site Inspection
Last Reserve Study with On-Site inspection: June 30, 2022

CURRENT FISCAL YEAR END SUMMARY OF RESERVE COMPONENTS

(See Reserve Analysis Worksheet, pg. 5, for breakdown of all components individual lives, current costs, and projected future replacement costs)

Reserve Component Groups	Estimated Useful Life	Estimated Remaining Life	Estimated Replacement Cost	Annual Funding Requirement	Accumulated Funding Requirement	Allocation of Fund Balance	Percent of Fund Balance
ROOFING - POOL BUILDING	35 - 35	9 - 9	\$ 5,865	\$ 168	\$ 4,357	\$ 2,406	2.7%
PAINTING	6 - 20	1 - 17	16,342	2,445	11,161	6,163	6.9%
FENCE/GATES	12 - 25	4 - 18	64,573	3,565	30,363	16,766	18.9%
PAVED SURFACES	7 - 15	1 - 14	51,804	3,858	7,646	4,222	4.8%
POOLS	4 - 30	1 - 26	115,210	7,899	43,466	24,001	27.0%
SHADE STRUCTURES	20 - 25	14 - 19	66,372	2,731	16,384	9,047	10.2%
LANDSCAPING/IRRIGATION	4 - 25	1 - 10	39,273	3,956	6,270	3,462	3.9%
LIGHTING/ELECTRICAL	12 - 20	1 - 14	8,014	464	5,756	3,179	3.6%
MISCELLANEOUS	18 - 30	1 - 19	38,747	1,508	27,735	15,315	17.2%
CONTINGENCY (5%)			20,310	1,330	7,657	4,228	4.8%
TOTALS			\$ 426,510	\$ 27,924	\$ 160,795	\$ 88,788	

CURRENT FISCAL YEAR RESERVE FUNDS

Current Budgeted Annual Reserve Allocation	\$ 20,000
Reserve Fund Balance as of: January 31, 2024	\$ 84,855
Anticipated Funding to Year End	10,000
To be Transferred from Reserves by Year End	(6,067)
Anticipated Expenditures to Year End	-
Cash Projected at Year End June 30, 2024	\$ 88,788
Accumulated Funding Requirement (Fully Funded)	\$ 160,795
Percentage Funded at the end of this Fiscal Year	55.2%
Accumulated Deficiency for Current Fiscal Year	\$ 72,007
Deferred repair/replacement of any major component with a remaining life of 30 years or less?	Per Unit \$ 164 NO

RESERVE FUNDING OPTIONS FOR THE FISCAL YEAR ENDING: 2025

	per unit per month	per year
funding options assume a 3% increase, unless otherwise noted		
Annual Requirement Funding:	\$ 5.45	\$ 28,761
Current Budgeted Funding:	\$ 3.90	20,600
Recommended Funding:	\$ 4.17	22,000
Special Assessment/s Recommended?		NO
For funding option details please see Reserve Study Summary page 2		

We present this summary of the repair and replacement funding program of the Association as of June 30, 2024, and the related reserve funding projection for the 30-year period from 2024 to 2054, based on information provided by management and based upon the consultant's estimates of the most probable reserve component replacement costs, conditions, and lives. The annual requirement is based on the cost of each component divided by its total useful life. The accumulated requirement is the annual requirement multiplied by the number of years each component has been in service. The difference between accumulated requirement total and the actual cash balance may indicate a deficit which would be expressed in the percentage funded.

The above information is a condensed summary of the reserve study, in compliance with CA Civil Codes 5300, 5550, and 5600, and is intended to be included in the annual budget package to be provided to owners not less than 30 nor more than 90 days prior to the Association fiscal year end. CACC 5550 requires an on-site inspection every 3 years, and the study to be reviewed annually. Assumptions have been made about costs, conditions, and future events that may occur. Some of these assumptions may not materialize; and unanticipated events and circumstances may occur subsequent to the date of this report. Therefore, the actual replacement costs and lives may vary from this report and the variations may be material.

The compilation of this reserve funding analysis and projection is based on representations of management and the consultant's estimates. We have not audited or reviewed the accompanying analysis and projections and, accordingly, do not express an opinion or any other form of assurance on them. We assume no responsibility to update this report for events occurring after the date of issuance of this report.

Ronald C. Sonnenberg

Mesa View Homeowners Association No. 2
Level III: Update with no On-Site Inspection
June 30, 2024

Inflation and Interest Earned on Reserves:

As an industry standard, provision has been made in the funding projections for inflation, computed at three percent (3%), and an assumed 1% net interest on the reserve balance has been added to the reserve funds. As costs increase in the future, the annual reserve reports should be revised accordingly.

Reserve Calculations:

Based on estimated current replacement costs of \$426,510 and estimated normal and remaining useful lives as determined by the independent consultant, the annual funding requirement is calculated to be \$27,924.

The accumulated funding requirement is calculated to be \$160,795.

As of June 30, 2024, the Association may have \$88,788 in accounts designated as reserve funds.

Therefore, a deficit of \$72,007 has been calculated, with a funding percentage of 55.2%. A portion of the annual reserve requirement may be provided for in the operating budget.

Industry Standard Measure of Funding Strength:

0% - 30% = WEAK At this level of funding, Special Assessments and deferred maintenance are likely.

31% - 70% = FAIR At this level of funding Special Assessment and deferred maintenance are less likely, but could still pose a concern. Efforts should be taken to increase to a healthier level of funding.

>70% = STRONG At this level of funding the Association should be well covered, with hopefully no need for deferred maintenance or Special Assessments.

Funding Calculations:

There are a variety of methods by which the Association can approach the desired level of funding. The Board is responsible for determining the optimum funding program. We have calculated three options:

Option 1: Annual Requirement Funding: This option assumes that the Association will maintain the annual funding requirement as calculated on page 5, without regard to any funding deficiency.

Currently the annual requirement allocation is \$28,761 or \$5 per unit per month (based on annual funding requirement, plus 3% inflation increase) beginning next fiscal year.

Fair level of funding in FY 2024/25.

Funding could reach the Strong level beginning FY 2030/31, future overfunding is likely.

Option 2: Current Funding: The current budgeted funding level is projected over the 30-year period, including 3% inflation annual increase, as compared to option 1 and 3.

Currently, with the 3% increase, \$20,600 or \$4 per unit per month will be allocated to reserves next fiscal year.

Reserves are currently funded at the Fair level of funding.

Reserves could fall to the Weak level of funding by FY 2037/38 and deficits could occur beginning FY 2039/40.

Option 3: Recommended Funding: This option is intended to calculate the amount of funding that would be the most sufficient for the Association over the next 30 years. The Current Budgeted Funding, and the Annual Requirement Funding are both taken into consideration while creating a Recommended Funding that is hopefully achievable by the Association. The 3% inflation annual increase is assumed, unless otherwise noted.

Recommended funding is, \$22,000 or \$4 per unit per month.

To avoid deficits which could occur beginning FY 2039/40 and to bring reserves up to a stronger level of funding, the regular reserve allocation could be increased 10% annually in FY's 2024/25 through 2028/29.

To avoid possible future overfunding, the regular reserve allocation could be decreased to equal \$42,000 annually in FY 2043/44.

Reserves could maintain the Fair level of funding and could reach and maintain the Strong level of funding beginning FY 2032/33.



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Leonard C. Sonnenberg, CPA

February 26, 2024

Mesa View
Homeowners Association No. 2
Level III: Update Reserve Study Report
June 30, 2024

Board of Directors and Owners:

We have compiled the accompanying Level III: Update Reserve Study Report of the Mesa View Homeowners Association No. 2 as of June 30, 2024, the reserve funding projections for the thirty-year period from 2024 through 2054, and the related Reserve Study Summary Sheet and the Assessment and Reserve Funding Disclosure Summary for distribution to owners.

Our report is based on information provided by management and an independent consultant's judgment and estimates, based on circumstances at the time of the inspection, of the most probable reserve component replacement costs, normal and remaining useful lives as described in the accompanying consultant's report.

Assumptions have been made about costs, conditions, and future events and circumstances that may occur. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this report. Therefore, the actual replacement costs and remaining lives may vary from this report and the variations could be material.

This report is designed to help your Association comply with California Civil Code 5300 and should not be used for any other purpose. This study is required to be updated and distributed to each owner-member within 90 days (and not less than 30 days) prior to the beginning of each fiscal year along with the operating budget and a statement regarding assessment collection policies.

We have not audited or reviewed the accompanying analysis and projection and, accordingly, do not express an opinion or any form of assurance on them. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

Sonnenberg & Company, CPAs

Consultant's Report:

Accountant's Program:

(source key: C = Consultant; M = Management/Board of Directors; V = Vendor; A = Actual Cost)

COMPONENT	Units Measured	Unit Cost	Srce	Current Replcmt Cost	Estimated Life: Usfl	Rmg	Annual Funding Reqrmt	Accumlt'd Funding Reqrmt	Cash In Reserves	Deficit	2024	2025	2026	2027	2028	
											2025 Disb	2026 Disb	2027 Disb	2028 Disb	2029 Disb	
											1	2	3	4	5	
LANDSCAPING/IRRIGATION																
Backflow Valve	1	ea	2,662.00	C/B	\$ 2,662	25	1	106	2,556	1,411	(1,144)	2,662				
	Moved Irrigation Valves into Landscaping Renovation															
Landscaping/Irrigation Renovation				C/B	31,827	10	10	3,183	-	-	-					
	Work was done for \$14,840 which included sprinklers upgrade, irrigation valves(8), and controller upgrades, increased life															
Irrigation Timers				C/B	1,061	10	2	106	849	469	(380)		1,093			
Tree Trim				C/B	1,061	4	1	265	796	439	(356)	1,061			1,188	
Tree Removal/Replacement				C/B	2,662	9	2	296	2,070	1,143	(927)		2,742			
Subtotal					\$ 39,273											
LIGHTING/ELECTRICAL																
Post Lights	8	ea	Allowance	C/B	\$ 5,304	20	1	265	5,039	2,782	(2,256)	5,304				
Lanai Lighting	4	ea	200.00	C/B	800	20	14	40	240	133	(107)					
Misc. Lighting & Electrical				C/B	1,910	12	9	159	478	264	(214)					
Subtotal					\$ 8,014											
MISCELLANEOUS																
Ceramic Tile Shower	1	ea	Total	C/B	\$ 4,244	30	19	141	1,556	859	(697)					
Restroom Remodel	2	ea	Total	C/B	10,606	30	19	354	3,889	2,147	(1,742)					
Storage Shed			Total	C/B	3,713	25	5	149	2,970	1,640	(1,330)				4,159	
Water Heater	1	ea	2,652.00	C/B	2,652	18	1	147	2,505	1,383	(1,122)	2,652				
Misc Plumbing				C	15,941	25	1	638	15,303	8,450	(6,853)	15,941				
Benches, Custom	3	ea	Allowance	C/B	1,591	20	1	80	1,511	835	(677)	1,591				
Subtotal					\$ 38,747											
CONTINGENCY (5%)					20,310			1,330	7,657	4,228	(3,429)	2,874	796	304	362	1,859
TOTALS					\$ 426,510			27,924	160,795	88,788	(72,007)	60,357	16,711	6,374	7,611	39,034

Accumulated Funding Requirement ->

160,795

128,362

140,412

163,637

186,463

178,704

Mesa View Homeowners Association No. 2
440 Units; Built 1975

Major Repairs and Replacements Funding Requirements
Following Six to Thirty Year Projection

COMPONENT	Estimated	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2048	2053
	Usfl/Remg Life	2030 Disb	2031 Disb	2032 Disb	2033 Disb	2034 Disb	2035 Disb	2036 Disb	2037 Disb	2038 Disb	2039 Disb	2040 Disb	2041 Disb	2042 Disb	2043 Disb	2044 Disb	2049 Disb	2054 Disb
ROOFING - POOL BUILDING		6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	25	30
Tile Underlayment	35	9				7,273												
PAINTING																		
Exterior Wood - Paint	6	3			2,827						3,238							
Lanai - Paint/Stain	6	1	8,763						10,099						11,436		12,773	
Interior Surfaces (Restrooms) - Paint	10	7	548										687					
Stucco (Pool Bldg Exterior) - Paint	20	17											3,141					
Wood Fence @ Pool/Park - Paint																		
Wrought Iron Pool Fence & Gates - Paint	6	1	4,779						5,508						6,237		6,966	
FENCE/GATES																		
Electronic Card Reader/Gate Openr System	15	14									18,433							
Panic Hardware @ Pool Gates	20	18												6,408				
Security Camera System	12	11					15,600											
Wood Fence - 6ft	20	4																
Metal Pool Fence - 7ft	25	5																44,614
Metal Pedestrian Gates	25	5																8,527
PAVED SURFACES																		
Concrete Paving	7	1		6,418								7,532						
Pool Concrete Deck - Repair	15	14									64,635							
POOLS																		
Chlorinator System Automated - Large Pool	10	1					8,962											
Chlorinator System Automated - Wade Pool	10	3							4,688									
Coping Tiles - Large Pool	30	26																
Coping Tiles - Wade Pool	30	26																
Decoseal Joint Caulk - Large Pool	4	2	2,772			3,061					3,350			3,639				4,507
Decoseal Joint Caulk - Wade Pool	4	2	943			1,041					1,140			1,238				1,533
Decoseal Joint Caulk - Concrete Decking	4	2	1,725			1,905					2,085			2,265				2,805
Filter - Large Pool	18	1														4,900		
Filter - Large Pool	15	6	3,659															
Filter - Wade Pool	18	1														220		
Pump/Motor - Variable Motors	12	2									9,729							
Pump/Motor - One Speed Motor	10	1					1,655											
Resurface/Retile - Large Pool	20	16											70,761					
Resurface/Retile - Wade Pool	20	16											6,000					
Solar Heater	15	9			20,061													
Large Pool Peripherals (Code Compliance,	10	6	3,539											4,462				
Small Pool Peripherals (Code Compliance,	10	6	1,769											2,230				
SHADE STRUCTURES																		
Lanai (Wood) - Major Repair/Replace	25	19														90,532		
Wading Pool Shade Structure (Steel & Fabri	20	14									10,543							

Mesa View Homeowners Association No. 2
440 Units; Built 1975

Major Repairs and Replacements Funding Requirements
Following Six to Thirty Year Projection

COMPONENT	Estimated	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2048	2053
	Usfl/Remg Life	2030 Disb	2031 Disb	2032 Disb	2033 Disb	2034 Disb	2035 Disb	2036 Disb	2037 Disb	2038 Disb	2039 Disb	2040 Disb	2041 Disb	2042 Disb	2043 Disb	2044 Disb	2049 Disb	2054 Disb
		6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	25	30
LANDSCAPING/IRRIGATION																		
Backflow Valve	25	1																
Landscaping/Irrigation Renovation	10	10				40,420										49,968		59,516
Irrigation Timers	10	2						1,411										
Tree Trim	4	1			1,316				1,443				1,570				1,825	
Tree Removal/Replacement	9	2					3,461									4,179		
LIGHTING/ELECTRICAL																		
Post Lights	20	1																
Lanai Lighting	20	14								1,112								
Misc. Lighting & Electrical	12	9			2,368													
MISCELLANEOUS																		
Ceramic Tile Shower	30	19													6,536			
Restroom Remodel	30	19													16,333			
Storage Shed	25	5																6,943
Water Heater	18	1													4,084			
Misc Plumbing	25	1																
Benches, Custom	20	1																
CONTINGENCY (5%)		720	704	321	1,692	2,321	1,484	71	1,087	5,551	538	4,173	270	678	7,014	2,707	1,078	6,422
TOTALS		15,126	14,794	6,739	35,537	48,749	31,162	1,482	22,825	116,578	11,308	87,626	5,667	14,228	147,293	56,855	22,642	134,869
Accumulated Funding Requirement ->		195,689	213,846	240,894	239,983	226,697	231,837	267,493	282,645	204,881	233,225	186,088	221,748	249,684	145,394	132,379	215,611	109,842

Prepared by Sonnenberg & Company CPAs

See Accountant's Letter and the Accompanying Notes and Assumptions

Reserve Analysis Worksheets, Page 6

30-Year Cash Projections:

Fiscal Year Ended ----->	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2043	2048	2053
Number of Years----->	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	20	25	30

Option 1 - Annual Requirement Funding: Fair level of funding in FY 2024/25. Funding could reach the Strong level beginning FY 2030/31, future overfunding is likely.

Reserve Allocation - Unit/Mth	5.45	5.61	5.78	5.95	6.13	6.31	6.50	6.70	6.90	7.11	7.32	7.54	7.77	8.00	8.24	9.55	11.07	12.84
Beginning Cash	88788																	
Annual Funding w/3% incrs (includes 3% annual increase)	28761	29624	30513	31428	32371	33342	34343	35373	36434	37527	38653	39812	41007	42237	43504	50433	58466	67778
Net Interest On Balance (1%)	888	581	716	964	1212	1158	1351	1560	1862	1890	1797	1889	2292	2496	1778	1529	2468	3260
Annual Disbursements	60357	16711	6374	7611	39034	15126	14794	6739	35537	48749	31162	1482	22825	116578	11308	56855	22642	134869
Ending Cash Reserve - Option 1	58080	71574	96428	121210	115760	135133	156033	186228	188987	179656	188943	229164	249637	177793	211767	147973	285058	262144

Option 2 - Current Budgeted Funding: Reserves are currently funded at the Fair level of funding. Reserves could fall to the Weak level of funding by FY 2037/38 and deficits could occur beginning FY 2039/40.

Reserve Allocation - Unit/Mth	3.90	4.02	4.14	4.26	4.39	4.52	4.66	4.80	4.94	5.09	5.24	5.40	5.56	5.73	5.90	6.84	7.93	9.19
Beginning Cash	88788																	
Current Funding w/3% incrs (includes 3% annual increase)	20600	21218	21855	22510	23185	23881	24597	25335	26095	26878	27685	28515	29371	30252	31159	36122	41876	48545
Net Interest On Balance (1%)	888	499	549	710	866	716	811	917	1112	1028	820	794	1072	1148	296	0	0	0
Annual Disbursements	60357	16711	6374	7611	39034	15126	14794	6739	35537	48749	31162	1482	22825	116578	11308	56855	22642	134869
Ending Cash Reserve - Option 2	49919	54925	70954	86563	71581	81051	91665	111179	102849	82007	79351	107178	114795	29617	49765	(90371)	(41375)	(170847)

Option 3 - Recommended Funding: To avoid deficits which could occur beginning FY 2039/40 and to bring reserves up to a stronger level of funding, the regular reserve allocation could be increased 10% annually in FY's 2024/25 through 2028/29. To avoid possible future overfunding, the regular reserve allocation could be decreased to equal \$42,000 annually in FY 2043/44. Reserves could maintain the Fair level of funding and could reach and maintain the Strong level of funding beginning FY 2032/33.

Reserve Allocation - Unit/Mth	4.17	4.58	5.04	5.55	6.10	6.28	6.47	6.67	6.87	7.07	7.28	7.50	7.73	7.96	8.20	7.95	9.22	10.69
Beginning Cash	88788																	
Recommended Funding (inclds 3% annl incrs unless noted)	22000	24200	26620	29282	32210	33177	34172	35197	36253	37340	38461	39614	40803	42027	43288	42000	48690	56444
Net Interest On Balance (1%)	888	513	593	802	1026	968	1159	1364	1662	1686	1589	1678	2076	2276	1553	1281	1751	1977
Annual Disbursements	60357	16711	6374	7611	39034	15126	14794	6739	35537	48749	31162	1482	22825	116578	11308	56855	22642	134869
Ending Cash Reserve - Option 3	51319	59321	80160	102633	96835	115854	136391	166213	168591	158869	167756	207567	227620	155346	188880	114530	202888	121274

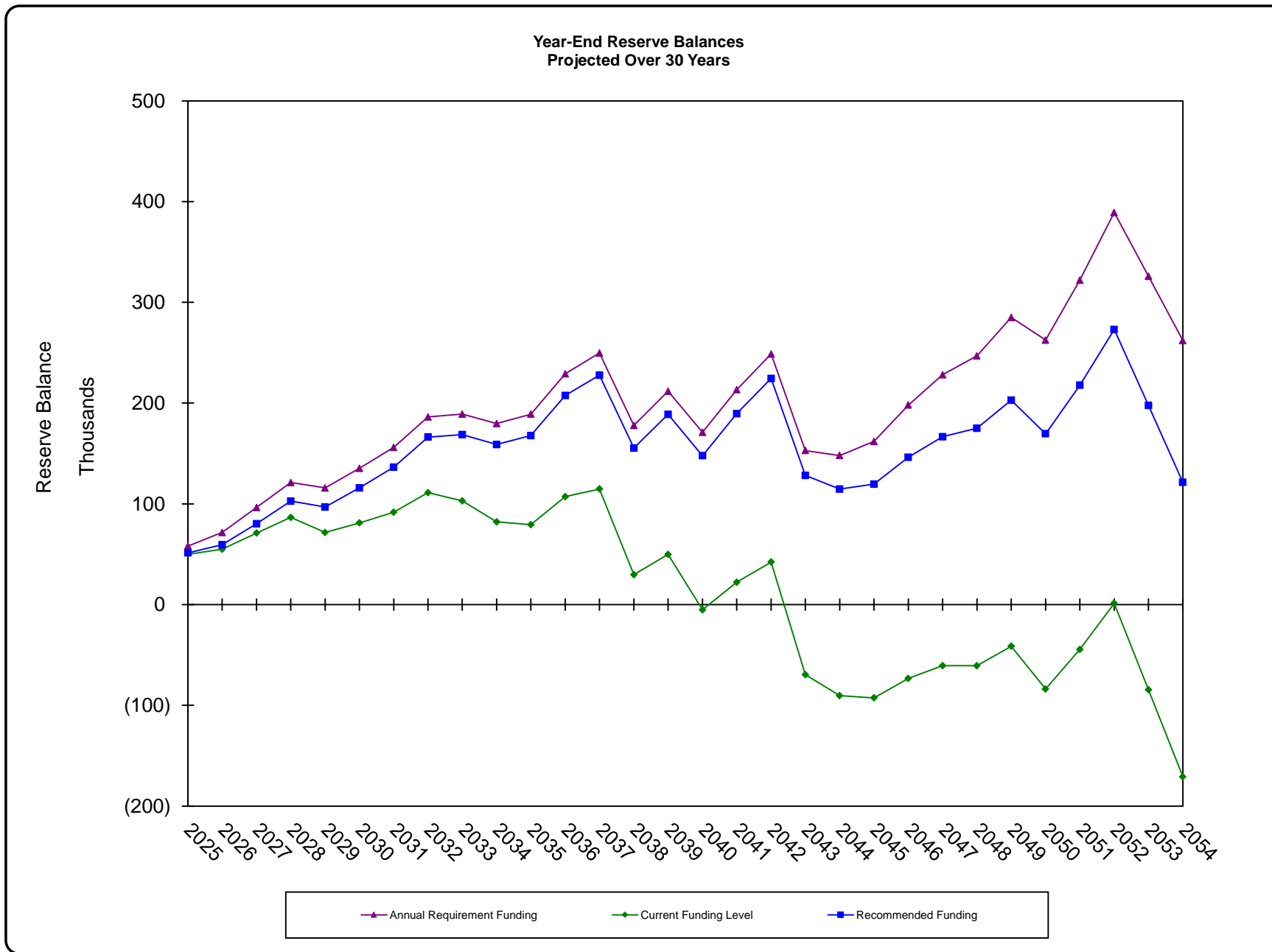
Projected Total Replacement Cost - 1006563
Projected Funding to Cost Ratio - 12%

Percent of Accumulated Reserve Requirement Funded: 55.2%

Cash at End of Fiscal Year:

Cash at January 31, 2024	84,855
Monthly Allocations through Year End	10,000
To be Transferred from Reserves by Year End	(6,067)
Anticipated Expenditures through Year End	-

Cash Projected at Year End June 30, 2024 88,788



Mesa View Homeowners Association No. 2

Notes and Assumptions

June 30, 2024

Note A Key to Reserve Funding Program:

These definitions correspond to the column headings on the Major Repair and Replacement Funding

Consultant's Estimate Section, page 5:

Component - Each major repair or replacement item considered by the Board of Directors and Consultant to require reserve funding.

Units Measured - The quantity in terms of area or item count as determined by actual measure, bids/invoices, DRE budget or other sources.

Unit Cost - The current replacement cost per unit of measure.

Source - Indicates where data was derived. C = Consultant's database/previous study; M = Management or Board of Directors information; V = Vendor (pool/landscape/roofer/elevator/etc) information; A = Actual cost; NA = No Access or data Not Available.

Condition - The physical condition from the consultant's visual inspection and other sources. Code: N = New or nearly new, G = Good, F = Fair, P = Poor condition, needs to be replaced soon.

Current Replacement Cost - The present cost of repairing or replacing the reserve components as estimated by the independent consultant or current bids/invoices. However, replacement costs will inevitably increase.

Estimated Useful Life - The estimated life of reserve components when they were new, and prior to any aging process.

Estimated Remaining Life - The remaining useful life for reserve components. As per CC 5550 only components with remaining lives of 30 years or less are included here. Repair, replacement or refurbishment will be necessary at the end of the component's remaining life.

Funding Projection Section - pages 5-6:

Annual Funding Requirement - This is the amount that should be set aside annually, exclusive of any reserve deficit or inflation, and is the method established by CC 5550. This requirement is computed by dividing the current replacement cost by the estimated useful life.

Accumulated Funding Requirement - This is the amount of reserve savings which should be on hand, according to the consultant's current replacement cost estimates, as of the date of this reserve report. This amount is computed by multiplying the difference between the estimated useful and remaining life times the annual reserve requirement.

Mesa View Homeowners Association No. 2

Notes and Assumptions

June 30, 2024

Funding Projection Section - pages 5-6 (continued):

Cash in Reserves - The amount of actual reserve savings on hand that have been accumulated for replacement of reserve components.

Deficit - That amount which is computed by subtracting the accumulated reserve requirement from the amount of cash on hand. This is the combined shortage, if any, of reserve savings for all of the reserve components. The opposite would be a Surplus.

Cost Projections by Year - The amounts of the estimated future replacement cost cash expenditures projected for each year. Some major repair expenditures may be spread over two or three years. Five years disbursements are shown on page 5 and the following 25 years are shown on pages 6.

30-year Cash Projections, page 7:

With every funding plan the projections start with the current reserve cash balance, and include the annual disbursements as projected on pages 5 through 6. All funding amounts are increased for inflation at three percent (3%) per year.

Option 1 - Annual Funding - This funding plan is to set aside the specific minimum amount of reserves required by CC 5550. These annual amounts are computed on page 5 and inserted as annual contributions to the reserves into the cash projections (adjusted for inflation). Any funding deficit is not considered in this method.

Option 2 - Current Budgeted Funding - As a comparison to Options 1 and 3, this option represents the *current* reserve budget projected over thirty years using an inflation factor of three percent (3%) per year.

Option 3 - Recommended Funding - This funding goal is to keep the year-end balance above zero during the 30-year cash projection while maintaining a reasonable contribution rate. First this funding option is calculated so that there is no deficit in the projected 30-year reserve balance. Then to create sufficient funding for the Association over the next 30 years, contributions in years 2 through 30 may be raised or lowered, and/or special assessments may be levied.