



Sonnenberg & Company, CPAs

A Professional Corporation

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Leonard C. Sonnenberg, CPA

**Vista Park Villas
Condominium Association
RESERVE STUDY
March 31, 2014**





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

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Executive Summary

Association Name: **Vista Park Villas Condominium Association**
 Location: **1100 Madera Lane, Vista, CA**
 No. of Units: **92** Built: **1973** Fiscal Year Ending: **March 31, 2014**
 Level of Study: **Level II: Update with On-Site Inspection** Date of Physical Inspection: **December 20, 2013**

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 & DECKS	5 - 35	1 - 22	\$ 617,110	\$ 28,671	\$ 90,538	\$ 16,262	9.8%
PAINTING/REPAIRS	3 - 30	1 - 25	402,982	28,859	332,250	59,678	35.9%
FENCE/SECURITY	15 - 30	1 - 25	162,375	6,290	98,700	17,728	10.7%
PAVED SURFACES	4 - 15	1 - 12	275,846	21,899	246,197	44,222	26.6%
POOL	3 - 20	1 - 9	24,026	1,644	17,519	3,147	1.9%
MECHANICAL/PLUMBING	25 - 25	9 - 9	14,725	589	9,424	1,693	1.0%
LANDSCAPING/IRRIGATION	1 - 25	1 - 9	55,877	7,192	44,215	7,942	4.8%
LIGHTING/ELECTRICAL	10 - 20	6 - 8	21,200	1,090	12,600	2,263	1.4%
MISCELLANEOUS	1 - 15	1 - 14	66,279	6,919	30,720	5,518	3.3%
CONTINGENCY (5%)			82,021	5,158	44,108	7,923	4.8%
TOTALS			\$ 1,722,441	\$ 108,310	\$ 926,271	\$ 166,376	

The Reserve Fund is a lump sum available for all reserve components for funding and transfers, regardless of budgeted allocations, with no payback requirements.

Reserve Funding Options For the Fiscal Year Ending:	2015	per unit per month	per year
<i>funding options assume a 3% increase</i>			
Annual Requirement Funding:		\$ 101	\$ 111,559
Current Budgeted Funding:		59	64,952
Recommended Funding:		69	75,672
Special Assessment/s Recommended?			YES
<i>For funding option details please see Reserve Study Summary page 2</i>			

FISCAL YEAR RESERVE FUNDS

Current Budgeted Annual Reserve Allocation	\$ 63,060
Reserve Fund Balance as of: November 30, 2013	\$ 145,356
Anticipated Funding to Year End	21,020
Anticipated Expenditures to Year End	-
Cash Projected at Year End March 31, 2014	\$ 166,376
Accumulated Funding Requirement (Fully Funded)	\$ 926,271
Percentage Funded at the end of this Fiscal Year	18.0%
Accumulated Deficiency for Current Fiscal Year	\$ 759,895 Per Unit \$ 8,260
Deferred repair/replacement of any major component with a remaining life of 30 years or less?	NO

We present this summary of the repair and replacement funding program of the Association as of March 31, 2014, and the related reserve funding projection for the 30-year period from 2014 to 2044, 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, 550, and 5600, and is intended to be included in the annual year end budget package. 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

**Vista Park Villas Condominium Association
Level II: Update with On-Site Inspection
March 31, 2014**

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 \$1,722,441 and estimated normal and remaining useful lives as determined by the independent consultant, the annual funding requirement is calculated to be \$108,310.

The accumulated funding requirement is calculated to be \$926,271.

As of March 31, 2014, the Association may have \$166,376 in accounts designated as reserve funds.

Therefore, a deficit of \$759,895 has been calculated, with a funding percentage of 18.0%. 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 allocation is \$111,559 or \$101 per unit per month (based on annual funding requirement, plus 3% inflation increase) beginning next fiscal year.

Deficits could occur beginning FY 2014/15.

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

Currently, with the 3% increase, \$64,952 or \$59 per unit per month will be allocated to reserves next fiscal year.

Reserves are currently at the Weak level of funding.

Deficits could occur beginning FY 2014/15.

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.

Recommended funding is, \$75,672 or \$69 per unit per month.

To avoid deficits, and to bring reserves into an adequate level of funding, Regular Reserve allocation could be increased 20% annually in FY's 2014/15 through 2018/19, along with Special Assessments in FY's 2014/15, 2018/19, 2033/34, and 2034/35.

Regular Reserve allocation could be decreased in FY 2021/22 to equal the Annual Requirement Funding.

Reserves could reach the Fair level of funding beginning FY 2018/19, and the Strong level of funding beginning FY 2025/26.

Recommended Special Assessment details can be seen in the Assessment and Reserve Funding Disclosure Summary on page 4.

Vista Park Villas Condominium Association
Assessment and Reserve Funding Disclosure Summary
March 31, 2014

(1) Regular Assessments -

Assessments to members are averaged at \$346 per unit per month for the year ending March 31, 2014.

* If assessments vary by the size or type of unit, the applicable assessment rates may be found in the Association's accompanying Annual Budget and /or can be provided by the Association/management agent.

(2) Special Assessments - Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, which have been approved by the Board and/or members:

Date assessment is due:	Amount/ unit/month	Purpose of this assessment is to fund or supplement the replacement costs of:
N/A		

(3) Reserve Account Balances -

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 X

(4) Additional Assessments -

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 of directors or the members?

Recommended Funding: To avoid deficits, and to bring reserves into an adequate level of funding, Regular Reserve allocation could be increased 20% annually in FY's 2014/15 through 2018/19, along with Special Assessments in FY's 2014/15, 2018/19, 2033/34, and 2034/35. Regular Reserve allocation could be decreased in FY 2021/22 to equal the Annual Requirement Funding. Reserves could reach the Fair level of funding beginning FY 2018/19, and the Strong level of funding beginning FY 2025/26.

Projected Date due:	Amount/ unit/month	Total Assessment
March 31, 2015	\$ 253.62	\$ 280,000.00
March 31, 2019	113.22	125,000.00
March 31, 2034	63.41	70,000.00
March 31, 2035	63.41	70,000.00
Total:	\$ 493.66	\$ 545,000.00

(5) Major Components -

All major components are included in the reserve study and are included in its calculations.

(6) Current Funding Comparison -

As of the current reserve study or update, the balance in the reserve fund is projected to be \$166,376.

Based on the method of calculation in paragraph 4 of subdivision (b) of Section 5570 the estimated accumulated funding requirement is \$926,271. The percentage funded is: 18.0%

(7) Funding over next 5 Budget Years -

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 each of the next five budget years is projected to be:

\$526,714 \$625,697 \$664,411 \$728,294 \$516,762

The projected reserve fund cash balance at the end of each of those years is projected to be, taking into account only assessments already approved and other known revenues, as follows:

-\$274,875 -\$220,552 -\$227,739 -\$210,939 -\$470,674

% Funded -52.2% -35.2% -34.3% -29.0% -91.1%

If the recommended reserve funding plan is approved by the Association and implemented, the projected reserve fund cash balance at the end of each of those years would be:

\$15,845 \$94,233 \$128,048 \$205,915 \$157,049

% Funded 3.0% 15.1% 19.3% 28.3% 30.4%

The law does not require the Association to fund reserves in accordance with these calculations.

The financial representations set forth in this summary are based on best estimates of the preparer at the time. These estimates regarding costs, lives and conditions are subject to change.

An assumed long-term inflation rate to be applied to major component repair and replacement costs was 3% per year.

An assumed long-term net interest rate earned on reserve funds is 1% per year.

The Board has adopted this study as the funding plan, in accordance with CCC 5550

January 20, 2014



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Leonard C. Sonnenberg, CPA

January 20, 2014

**Vista Park Villas
Condominium Association
Reserve Study Report
March 31, 2014**

Board of Directors and Owners:

We have compiled the accompanying Reserve Study Report of the Vista Park Villas Condominium Association as of March 31, 2014, the reserve funding projections for the thirty-year period from 2014 through 2044, 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 1365 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:

Mgmt Co: Transcontinental Management

Accountant's Program:

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

COMPONENT	Units Measured	Unit Cost	Src	Cond	Current Replmt Cost	Estimated Life: Usf Rmg	Inspection Notes	Annual Funding Reqrmt	Accumld Funding Reqrmt	Cash In Reserves	Deficit	2014 Disb	2015 Disb	2016 Disb	2017 Disb	2018 Disb	2019 Disb
ROOFING & DECKS																	
Built-up Roof-Asphalt	1,000 sq	390.00	M/V	G	\$ 390,000	20	Tag Roofing, 20 yr warranty=\$12,500, start soon	19,500	-	-	-	1	2	3	4	5	
* Flashing Over Facia & Drip Edge																	
Fiberglass Shingle	375 sq	350.00	C	G-F	131,250	35	To be installed soon, Tag Roofing	4,375	35,000	6,287	(28,713)						
Unit Decks, Resurface, Unit 1106	1 ea	3,000.00	C/M	G	3,000	20	No serious granularization, some damage@1222	150	-	-	-						
Unit Decks, Resurface	7 ea	3,000.00	C	G	21,000	20	Recently done by Catspaw Const.	1,050	3,150	566	(2,584)						
Unit Decks, Resurface	6 ea	3,000.00	C/M	F	18,000	20	(250 sf x \$12), Minor wear	900	10,800	1,940	(8,860)						
Unit Decks, Resurface	2 ea	3,000.00	C	F-P	6,000	20	(250 sf x \$12), Some wear	300	5,700	1,024	(4,676)	6,000					
Have contractor evaluate, possibly patch instead of resurface																	
Unit Decks, Topcoat (250 sf x \$1.50)	16 ea	375.00	C	F	6,000	5	Some chipping and cracking, i.e., 1131&1200	1,200	2,400	431	(1,969)						
Gutters/Downspouts, Replace	92 unit	455.00	C	F	41,860	35	Avg. life, topcoat when faded & worn	1,196	33,488	6,015	(27,473)						
Subtotal					\$ 617,110		Replace as needed										
PAINTING/REPAIRS																	
Building Stucco, Paint	22 Bldg	6,500.00	M/V	P	\$ 143,000	10	Catspaw Const., 5-10 year plan	14,300	128,700	23,117	(105,583)	143,000					
Building Stucco, 1100-1106, Paint	1 Bldg	6,500.00	M/V	G	6,500	10	Done 2013, Catspaw Const.	650	-	-	-						
Repl. Wood Trim & Siding with Stucco	22 Bldg	9,770.00	M/V	P	214,940	30	Catspaw Const., 5-10 year plan	7,165	179,117	32,173	(146,944)						240,733
Repl. Wood Trim&Siding-Stucco,1100	Completed 2013, one time expense																
Garage Pedestrian Doors	16 ea	300.00	M/V	P	4,800	25	Catspaw Const., 5-10 year plan	192	2,880	517	(2,363)						
Garage Pedestrian Doors, Done 2013	2 ea	300.00	M/V	G	600	25	Catspaw Const., 5-10 year plan	24	-	-	-						
Steel Stairs&Balcony Rail, Paint, 1100	1 ea	700.00	M/V	G	700	5	Catspaw Const., done 2013	140	-	-	-						784
Steel Stairs & Balcony Rail, Paint	15 ea	700.00	M/V	P	10,500	5	Work is progressing, Catspaw Const.	2,100	8,400	1,509	(6,891)	10,500					
Wrought Iron Pool Fence, 6 ft., Paint	228 lf	7.00	C	P	1,596	5	Needs paint, no serious rust evident	319	1,277	229	(1,047)	1,596					
Wrt. Iron Perim. Fence, 5 ft., Newer, Pt.	879 lf	6.00	C	P	5,274	5	Oxidizing, chipping, some rust	1,055	4,219	758	(3,461)	5,274					
Wrt. Iron Perim. Fence, 5 ft., Older, Pt.	644 lf	6.00	C	P	3,864	5	Oxidizing, chipping, some rust	773	3,091	555	(2,536)	3,864					
Wrought Iron Fence/Rail, Repair	Allowance		C/M	G-P	3,000	3	Some bottom rails rusted	1,000	2,000	359	(1,641)	3,000				3,270	
Wrought Iron Fence, 3 ft., Paint	236 lf	3.00	C	P	708	5	Oxidizing, chipping, some rust	142	566	102	(465)	708					
Wood Fence, 6ft., Paint	1,700 lf		C	G-P	2,500	5	Board to decide if fences painted	500	2,000	359	(1,641)	2,500					
Stair Treads, Replace	Allowance		C	G-P	5,000	10	Unit 1194 has worn/cracked treads	500	-	-	-						
Exterior Wood Replace	Allowance		C	G-P	\$ 402,982		Most wood to be removed										
Subtotal																	
FENCE/SECURITY																	
Wrought Iron Pool Fence, 6 ft.	228 lf	45.00	C	F	\$ 10,260	25	Needs rust treatment & paint	410	5,335	958	(4,377)						
Wrt. Iron Perimeter Fence, 5 ft., Newer	879 lf	35.00	C	G-F	30,765	25	Needs rust treatment & paint	1,231	12,306	2,210	(10,096)						
Wrt. Iron Perimeter Fence, 5 ft., Older	644 lf	35.00	C	F-P	22,540	25	Needs repair, rust treatment & paint	902	18,934	3,401	(15,533)					24,569	
Balcony Deck Wrt. Iron	368 lf	30.00	C	F	11,040	30	Needs rust treatment & paint	368	5,520	991	(4,529)						
Stair Hand Rail	640 lf	30.00	C	F	19,200	30	Needs rust treatment & paint	640	9,600	1,724	(7,876)						
Wood Fence, Replace	64 ea	720.00	C/V	G	46,080	25	5-10 year plan, steel posts, Catspaw Const.	1,843	36,864	6,621	(30,243)					51,610	
Wood Fence, Replace	8 ea	720.00	C/M/V	G	5,760	25	Catspaw Const. done 2013	230	-	-	-						
Trash Doors, Replace	5 ea	200.00	C	F	1,000	20	Some wear	50	900	162	(738)			1,030			
Trash Trellis	306 sf	5.00	C	P	1,530	15	Sagging and wear	102	1,428	256	(1,172)	1,530					
Fire Extinguishers	Allowance		C	F-P	1,200	15	Some newer, some empty	80	880	158	(722)				1,308		
Chain Link Fencing	Allowance		C	F	13,000	30	Some sagging	433	6,933	1,245	(5,688)						
Subtotal					\$ 162,375												
PAVED SURFACES																	
Asphalt Reseal/Stripping	84,230 sf	0.16	M	G	\$ 13,477	4	To be done April/May @ \$13,500	3,369	10,108	1,816	(8,292)	13,477					15,094
Asphalt Overlay	84,230 sf	2.47	M	G	208,048	15	20,500 sf to be done @ \$50,620	13,870	194,178	34,878	(159,300)	208,048					
Asphalt Replace (10%)	8,423 sf	5.25	C	G	44,221	12	15,000 sf to be done @ \$78,750	3,685	40,536	7,281	(33,255)	44,221					
Asphalt Berm Replace	300 lf	5.00	C	G	1,500	12	600 lf berm included in above price	125	1,375	247	(1,128)	1,500					

March 31, 2014

Inspector: Richard Barker
Inspection Date: 12-20-13

Major Repairs and Replacements Funding Requirements
First Five Year Projection

Consultant's Report:

Mgmt Co: Transcontinental Management

Accountant's Program:

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

COMPONENT	Units Measured	Unit Cost	Src	Cond	Current Replmt Cost	Estimated Life: Usfl Rmg	Inspection Notes	Annual Funding Reqrmt	Accumlt'd Funding Reqrmt	Cash In Reserves	Deficit	2014 Disb	2015 Disb	2016 Disb	2017 Disb	2018 Disb	2019 Disb
Asphalt Hot Rubber Crack Seal	Allowance		C	G	800	4	Crack seal will help prevent fracturing/sinking	200	-	-	-	1	2	3	4	5	
Concrete Paving Replacements	Allowance		C	G	7,800	12	New swale & trash pads @ \$7750, soon	650	-	-	-						
Subtotal		\$ 275,846															
POOL																	
Resurface/Refill Pool	1 ea	11,330.00	C/M	F	\$ 11,330	15	No serious discoloration or chipping evident	755	8,309	1,492	(6,816)					12,350	
Coping Tiles	120 lf	23.00	C	F	2,760	20	Some weathering	138	1,518	273	(1,245)						
Decoseal Joint Caulk	120 lf	5.30	C	P	636	3	Some cracking/separation	212	424	76	(348)	636				693	
Concrete Decking	Allowance		C	F	2,000	20	Replace when serious cracks/separation	100	1,100	198	(902)						
Filters	1 ea	975.00	C	F	1,250	12	No internal access, based on age	104	1,042	187	(855)		1,288				
Pumps/Motors	1 ea	850.00	C	F	950	12	No internal access, based on age	79	792	142	(649)		979				
Remodel Restrooms	2 ea	2,550.00	C	F	5,100	20	No access, based on age	255	4,335	779	(3,556)			5,406			
Subtotal		\$ 24,026															
MECHANICAL/PLUMBING																	
Water, Gas and Electric Conduit	Allowance		C/M	N/A	\$ 7,000	25	Replace as needed, no access	280	4,480	805	(3,675)						
Waste Lines	Allowance		C/M	N/A	7,725	25	Replace as needed, no access	309	4,944	888	(4,056)						
Subtotal		\$ 14,725															
LANDSCAPING/IRRIGATION																	
Irrigation System Renovation	Allowance		C	F	\$ 49,440	25	Replace as needed	1,978	43,507	7,815	(35,692)			52,406			
Backflow Valve	1 ea	1,287.00	C	F	1,287	20	Replace as needed	64	708	127	(581)						
Major Tree Removals/Replacements	Allowance		C	P	5,150	1	Trimming needed	5,150	-	-	-	5,150	5,305	5,459	5,614	5,768	
Subtotal		\$ 55,877															
LIGHTING/ELECTRICAL																	
Post Light Fixtures	Allowance		C	F	\$ 600	10	Replace as needed, post is concrete	60	240	43	(197)						
Exterior Fixtures Common Area	Allowance		C	F	20,600	20	Replace as needed	1,030	12,360	2,220	(10,140)						
Subtotal		\$ 21,200															
MISCELLANEOUS																	
Garage Doors	Individual owner responsibility																
Entry Sign	1 ea	600.00	C/M	P	600	15	Cracking and faded	40	520	93	(427)			618			
Sliding Door Hardware & Frame (2/yr)	Allowance		M	F-P	1,770	1	Glass included cost of 1,385-Action Window	1,770	-	-	-	1,770	1,823	1,876	1,929	1,992	
Window Hardware & Frame (3/yr)	Allowance		M	F-P	909	1	Glass included cost of \$503-Action Window	909	-	-	-	909	936	964	991	1,018	
Major Termite Treatments	Allowance		M	G	33,000	15	\$33,000 spent for 11 buildings	2,200	2,200	395	(1,805)						
Major Termite Treatments	Allowance		M	P	30,000	15	Cost for 2014 estimated \$30,000	2,000	28,000	5,029	(22,971)	30,000					
Subtotal		\$ 66,279															
CONTINGENCY (5%)																	
		82,021					Unforeseen exp & cost overrun	5,158	44,108	7,923	(36,185)	24,184	599	3,624	2,580	15,849	
TOTALS		\$1,722,441						108,310	926,271	166,376	(759,895)	507,867	12,577	76,095	54,175	332,838	

Accumulated Funding Requirement ->

* Components remaining life is beyond 30 year projection; will return when remaining life is 30 years

Prepared by Sonnenberg & Company CPAs

See Accountant's Letter and the Accompanying Notes and Assumptions

Reserve Analysis Worksheets, Page 5

Visita Park Villas Condominium Association
92 Units; Built 1973

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

COMPONENT	Estimated Usfl/Remg Life	2019 Disb	2020 Disb	2021 Disb	2022 Disb	2023 Disb	2024 Disb	2025 Disb	2026 Disb	2027 Disb	2028 Disb	2029 Disb	2030 Disb	2031 Disb	2032 Disb	2033 Disb	2038 Disb	2043 Disb
ROOFING & DECKS																		
Built-up Roof-Asphalt	20	20														612,300		
Flashing Over Facia & Drip Edge	35	35																
Fiberglass Shingle	30	22																
Unit Decks, Resurface, Unit 1106	20	20														4,710		
Unit Decks, Resurface	20	17																
Unit Decks, Resurface	20	8		21,780												31,080		
Unit Decks, Resurface	20	1																
Unit Decks, Topcoat (250 sf x \$1.50)	5	3		7,260					8,160						9,060			
Gutters/Downspouts, Replace	35	7	49,395															
PAINTING/REPAIRS																		
Building Stucco, Paint	10	1					185,900											
Building Stucco, 1100-1106, Paint	10	10				8,255												
Repl. Wood Trim & Siding with Stucco	30	5														10,205		12,155
Repl. Wood Trim&Sliding-Stucco,1100																		
Garage Pedestrian Doors	25	10				6,096												
Garage Pedestrian Doors, Done 2013	25	25																
Steel Stairs&Balcony Rail, Paint, 1100	5	5	12,075			889					994					1,099	1,032	1,309
Steel Stairs & Balcony Rail, Paint	5	1	1,835				13,650										1,204	
Wrought Iron Pool Fence, 6 ft., Paint	5	1	1,835				2,075											
Wrt. Iron Perim. Fence, 5 ft.,Newer,Pt	5	1	6,065				6,856											
Wrt. Iron Perim. Fence, 5 ft.,Older, Pt.	5	1	4,444				5,023											
Wrought Iron Fence/Rail, Repair	3	1	3,540			3,810			4,080						4,620		5,160	
Wrought Iron Fence, 3 ft., Paint	5	1	814				920											
Wood Fence, 6ft., Paint																		
Stair Treads, Replace	5	1	2,875				3,250											
Exterior Wood Replace	10	10				6,350										7,850		9,350
FENCE/SECURITY																		
Wrought Iron Pool Fence, 6 ft.	25	12						13,646										
Wrt. Iron Perimeter Fence, 5 ft.,Newer	25	15									43,686							
Wrt. Iron Perimeter Fence, 5 ft., Older	25	4																
Balcony Deck Wrt. Iron	30	15									14,021							
Stair Hand Rail	30	15									27,264							
Wood Fence, Replace	25	5																
Wood Fence, Replace	25	25																
Trash Doors, Replace	20	2																
Trash Trellis	15	1																
Fire Extinguishers	15	4																
Chain Link Fencing	30	14								18,070								
PAVED SURFACES																		
Asphalt Reseal/Striping	4	1			16,711													
Asphalt Overlay	15	1															23,180	
Asphalt Replace (10%)	12	1																
Asphalt Berm Replace	12	1																

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

Accumulated Funding Requirement ->

Reserve Analysis Worksheets, Page 6

30-Year Cash Projections

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100													
Fiscal Year Ended	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100													
Number of Years	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100

Regular Dues - Unit/Month Beginning Cash	101	104	107	110	114	117	121	124	128	132	136	140	144	148	153	177	205	238
166376																		
Annual Funding w/3% incrs (includes 3% annual increase)	111559	114906	118353	121904	125561	129328	133208	137204	141320	145560	149926	154424	159057	163829	168743	195620	226777	262897
Net Interest On Balance (1%)	1664	0	0	0	0	0	0	0	31	495	1160	0	587	645	1498	1559	0	61
Annual Disbursements	507867	12577	76095	54175	332838	39692	66070	67627	94943	79603	281874	80884	153834	79191	148500	733680	196532	191125
Ending Cash Reserve - Option 1	(228268)	(125938)	(83680)	(15951)	(223228)	(133592)	(66454)	3122	49530	115982	(14806)	58734	64544	149827	171569	(380583)	(358444)	77973

Regular Dues - Unit/Month Beginning Cash	59 166376	61	62	64	66	68	70	72	75	77	79	81	84	86	89	103	120	139
Current Funding w/3% incrs (includes 3% annual increase)	64952	66900	68907	70975	73104	75297	77556	79883	82279	84747	87290	89908	92606	95384	98245	113893	132034	153063
Net Interest On Balance (1%)	1684	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Disbursements	507867	12577	76095	54175	332838	39692	66070	67627	94943	79603	281874	80884	153834	79191	148500	733680	196532	191125
Ending Cash Reserve - Option 2	(274875)	(220552)	(227739)	(210938)	(470674)	(435069)	(423582)	(411327)	(423991)	(418947)	(613431)	(604407)	(665635)	(649442)	(699697)	(1641183)	(2065958)	(2147698)

[illegible][illegible]

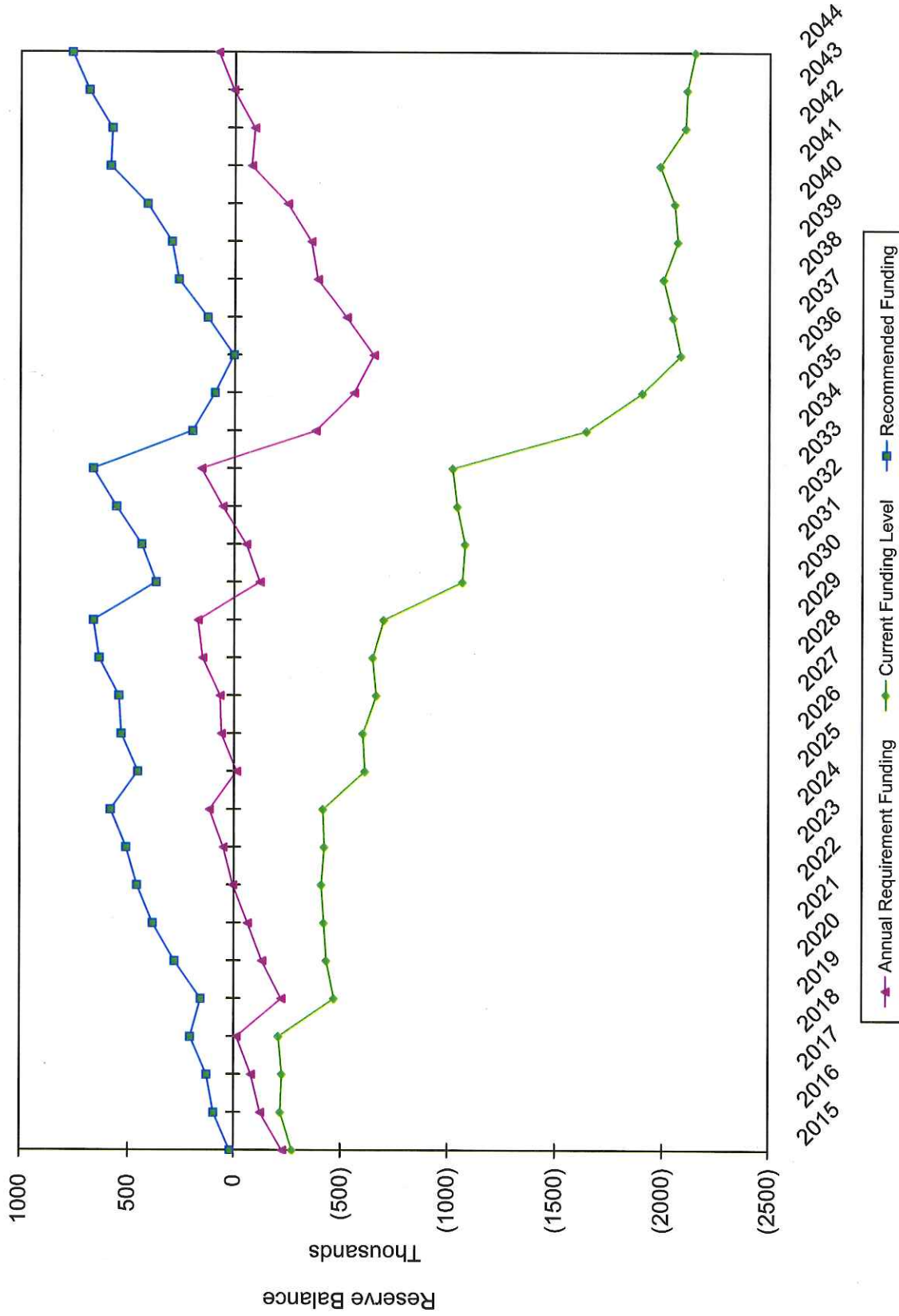
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1
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Ending Cash Reserve - Option 3	15845	94233	128048	205915	157049	280549	383754	457168	508117	579155	452999	531069	541602	631656	658215	199037	298048	759938
																	Projected Total Replacement Cost -	4064960
																	Projected Funding to Cost Ratio -	19%

18.0%

45,356
21,020
-
66,376

Year-End Reserve Balances
Projected Over 30 Years



Vista Park Villas Condominium Association
Notes and Assumptions
March 31, 2014

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.

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.

RGB CONSTRUCTION AND INSPECTION

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5150 Don Mata Dr.

Carlsbad, CA 92008

VISTA PARK VILLAS HOMEOWNERS ASSOCIATION RESERVE STUDY INSPECTION CONSULTANT'S REPORT

Inspection Date: 12/20/2013
Location: Vista, CA
Age of Project: Built 1973
Units/Buildings: 92
Amenities: Pool, Green Belts
Management/Association Representative: Transcontinental Management

ASSUMPTIONS AND DATA USED IN THE REPORT

The Association has the responsibility to maintain the common areas defined by the CC&R's, including: roofing; painting; paving; fences; recreational facilities; mechanical equipment, landscaping/irrigation and common area lighting.

Repair and replacement estimates are based on current costs from estimating manuals (Craftsman's National Construction Estimator and Means Mechanical Data, as well as previous experience and on-file invoices in our data base. All costs are modified by location, quantity and quality. It is important that these modifying factors be reviewed annually and the reserve projections adjusted to meet changing conditions. Costs are also based on replacement with similar materials. Associations may choose to upgrade components at a cost higher than that projected by this report.

Normal useful lives are based on warranties, information provided by the California Department of Real Estate, and the consultant's historical experience. Both useful and remaining lives are based on site location (ocean proximity, higher UV factors in the desert, air born pollution in some urban zones) and quality of materials and installation. Frequency of usage (foot traffic on carpeting, automatic vehicular gate motors, etc.) is considered. Actual remaining lives will vary with deferred maintenance or better than average maintenance.

The Source Code on the worksheets indicates how the main assumptions for each component were determined. (C) indicates that all data came from the consultant's database and estimating books; (M) indicates that most or all of the data came from the Association's Community Manager or members of the Board of Directors (or representatives appointed by the Board to assist with the Reserve Study); (V) refers to information received from the Association's service vendors, such as pool/spa, landscape, and elevator maintenance company representatives. (A) indicates that costs (and sometimes remaining lives based on warranties) were derived from actual cost invoices or bids. (P) refers to data from previous reserve studies, if found to be accurate.

All descriptions of current conditions and anticipated life expectancies are based upon the assumptions that (1) the project will continue to receive regular preventative maintenance by qualified contractors, and (2) unseen or catastrophic events do not intervene in the interim. All reasonable efforts have been made to provide reliable information in this report.

Events subsequent to the date of this report are not provided for; and the consultant takes no responsibility for subsequent updating of this report.

FOR SPECIFIC NOTES ON INDIVIDUAL COMPONENTS, PLEASE REFER TO THE INSPECTION REPORT WORKSHEETS AT THE END OF THIS REPORT.

Reserve Study Disclosures, per National Reserve Study Standards of the Community Associations Institute:

1. I am not involved with any person(s) involved in management or ownership of this Association which would create actual or perceived conflicts of interest.
2. The inspection consisted of a brief, representative visual examination of the accessible major reserve components in order to determine quantities and relative condition. No destructive testing was performed.
3. In addition to my personal inspection, this report also relies on information supplied by the Association's Community Manager, Board of Directors, service vendors and repair/replacement publications.
4. This is an update with site visit; I have relied on previous reserve studies for data. Such studies are assumed to have been deemed accurate and reliable by the Association.
5. Inaccessible systems such as plumbing, underground electrical, and storm drain lines were not included in the inspection. Based on factors such as the age of the project and any reported problems and/or replacements, such systems may or may not be included in the reserve funding study.
6. Information provided to me about current or pending reserve projects is considered reliable; my inspection is not to be considered as a project audit and/or quality inspection.
7. The data and conclusions in this report are valid as of the study's completion date. Components which will not undergo major repair or replacement within thirty (30) years from the study date are generally considered to be "life of the project" (i.e., beyond reasonable projections) and are not included. These items normally include building superstructures and foundations, most concrete surfaces, sewer/storm drains, and water main delivery systems.

CONCLUSIONS/RECOMMENDATIONS

The overall condition of the Association's commonly held physical reserve components is considered to be good to fair and an adequate maintenance program is being adhered to.

Richard Barker
Professional Reserve Analyst

December 20, 2013

MAINTENANCE RECOMMENDATIONS

ROOFS: Perform the following procedures every spring and fall:

- * Clean roofs, storm drains and catch basins of debris. If trees are overhanging the roofs, have them trimmed prior to debris removal.

- * Inspect all roof penetrations, including water heater exhausts and plumbing vents, for cracks in the sealant and patch as necessary with a flexible roof mastic.

- * Check all metal flashings, including edge and chimneys, for corrosion and separation. Repair/caulk as needed. Inspect capsheets parapets and flashings for cracking and apply mastic to all seams and bare/cracked areas.

- * **FLAT ROOFS:** "Flat" roof sections (minimum positive slope of 2" in 10 feet) consist of a base sheet and 2 to 4 plies of roofing felts embedded in hot bitumen, with decomposed granite gravel embedded in the final floodcoat. Signs of eventual deterioration include bare spots, bubbling, and lap separations. The industry life expectancy for this type of roof is 10 to 20 years, depending upon quality of application and number of plies. Replacement includes removal of all materials to the bare plywood underlayment (with any dry rot sections replaced if needed) and new metal flashing.

Inspect built-up roofing laps and joints for cracks and separations and repair as required. If roof blisters (formed by moisture intrusion between layers of roofing plies) are present, be careful not to step directly on them. Such blisters are an indication that the roof membrane is at the end of its useful life, although some life extension can be accomplished by have a qualified roofer cut out the blisters and apply a membrane/asphalt patch to the affected areas. Cover bare spots with new rock to prevent solar UV ray damage to the top roofing membrane. Also inspect flat roofs for areas of persistent or excessive ponding, which should be corrected before re-roofing by cricketing (adding slope to the roof deck with shimmed joists and new plywood deck sections).

- * **FIBERGLASS/ASPHALT COMPOSITION SHINGLES:** Annual inspection for curling, missing shingles (especially ridgecaps); note also any loss of granular particles at the leading edges of shingles which indicate that they are nearing the end of their useful life. Fiberglass or asphalt shingles have a useful life of 15 to 40 years, depending on warranty and installation.

- * **WOOD SIDING:** Wood Product Plywood siding has a long life if adequately protected from moisture and sunlight UV rays. Painting, including renailing loose/warped areas and caulking all openings and window/door edges, should be done regularly. Irrigation sprinklers and vegetation must be kept away from siding. Once the delamination process has started, replacement is inevitable.

- * **DECK MEMBRANES:** Wood Light-weight concrete platform decks having a membrane coating (elastomeric, fiberglass/epoxy, Pebblecoat) have a long life if topcoated regularly to protect against sunlight UV damage or water intrusion beneath the membrane. Edge flashings should be monitored for corrosion if close to the ocean. Areas of ponding or slope towards the building may need to be rebuilt to provide adequate drainage.

PAINTING: All painted surfaces should be inspected every spring (prior to the more destructive sunlight of summer).

- * **Stucco-** look for cracking at windows, doors and extrusions such as decks or stucco patio walls, which should be caulked with a paintable caulk or stucco-patch prior to painting. Discoloration from sprinkler heads should be corrected by replacing or re-aiming heads away from the buildings; discoloration from roof runoff may require the addition of gutters or diverters. All stained and discolored areas may be cleaned with a power-wash as needed. Stucco has a long useful life (15 to 25 years) and the options for recoating include re-colorcoating (expensive but long-lasting and breathable); painting with an acrylic or elastomeric coating (creates moisture-impregnable membrane which must be re-applied every 6 to 10 years, more economical); or fog-coating (colorcoat mixed with water which reconditions stucco, OK to use if stucco is not flaking and crack-free, must be re-applied every 3 to 5 years, very economical in the short run).

* Wood- flaking, fading and warping/delamination (plywood) are indications that painting is needed. Areas which are sufficiently deteriorated, especially due to wet/dry rot or insect damage, should be replaced prior to painting. Any earth-to-wood contact should be avoided to lessen the occurrence of insect damage and wet rot.

* Wrought Iron- All corroded areas should be wire brushed or machine-ground, with badly corroded areas replaced with new welded sections. Prime with a zinc oxide primer or other suitable anti-corrosive primer before painting.

* All signs of deterioration should be touched up as needed, from the maintenance operating budget, in order to ensure the longest possible life between repaints and to prevent deterioration of underlying surfaces. South- and West-facing surfaces usually require more frequent maintenance due to their increased exposure to sunlight UV rays.

* Adequate preparation is vital to the quality and longevity of a repaint. This includes removal of loose paint and substrates; adequate caulking at window/door frames and minor cracks, sanding of rough areas and use of the appropriate specified primer on all raw, patched, and stained surfaces.

* Apply quality brands, following manufacturer's specifications, on all painted surfaces.

* All vegetation should be kept cleared away from the building exteriors.

FENCES, RAILINGS, GATES: Inspect all fences and gates annually (summer).

* Loose posts, especially at gates, should be repaired or replaced immediately.

* Wood fences should be inspected for stability. Shaky sections usually indicate deteriorated post bases. These posts may be removed and replaced (with pressure-treated posts) if the majority of fencing is stable. The normal life range is 15 to 25 years, before replacement is required due to dry/wet rot, insect damage, vandalism, and weathering. We recommend that posts be replaced with pressure-treated posts for longer life. Attention to soil conditions (earth-to-wood contact, post base erosion, irrigation water ponding, orientation of irrigation spray heads) is important to the remaining life of wood fencing.

* Wrought Iron fences, gates and railings have a useful life of 15 to 25 years, depending on product quality, maintenance, and location. Replacement is most often due to corrosion at bases from irrigation water and overgrowth of vegetation, or ocean air at coastal locations. Inspect the base of iron fence posts for signs of corrosion or deterioration, usually due to standing water. This may be lessened by wire brushing the corroded areas, applying a zinc primer, and applying concrete epoxy to sunken areas, sloped away from the posts.

* Aluminum railings have a long life (40 to 60 years) and may be treated for surface corrosion by applying a corrosion neutralizer made specifically for aluminum (such as Aluminum Jelly) and rinsing. This may be done as needed by maintenance personnel from the operating budget.

* Ensure that irrigation sprinklers are positioned and angled away from fences, and remove dirt and vegetation from bottom rails of fences. Any areas of corrosion should be wirebrushed, primed and touch-up as needed to extend the life of the fencing.

* Paint or seal all fences according to the recommended schedule in this report.

* If efflorescence (calciferous mineral deposits) or wet areas are apparent on the exposed faces of masonry retaining walls, it may be a sign of inadequate or missing waterproof application on the buried side. Although short-term effects are minor, long-term effects include weakening of the reinforcement metal and grout in the wall, with subsequent bowing and retaining wall failure. Mitigation may be as simple as reduction of irrigation water, or as costly as excavation of the soil and re-waterproofing of the back side of the wall.

* It is recommended that as it becomes necessary to replace deck guardrails that current building codes be followed. Currently all residential guardrails must be at least 36 inches high with no opening greater than 4 inches.

ASPHALT AND CONCRETE SURFACES: Inspect all asphalt surfaces two to three times per year. Remove any loose stones which can damage the asphalt if run over by cars.

* Asphalt surfaces have a normal life of 20 to 35 years, depending on quality of original installation (adequacy of base and thickness of asphalt) and maintenance (regular repair/reseal). For asphalt-paved areas in the desert, replacement appears to be recommended more often than simple overlay. Asphalt-paved areas normally require a 1-1/2" overlay every 18 to 25 years, due to pavement fatigue. A fabric base sheet, called Petromat, is recommended where there is indication of pavement movement due to temperature change or slope movement. A policy of partial patching and crack filling would eventually be higher than complete overlay or replacement. Due to the effects of vehicle traffic, UV sunlight damage, tree roots and surface erosion from runoff water, patching repairs and reseal (recommended 2 coat oil-seal) is normally done every 3 to 5 years.

* Areas of surface erosion may be due to landscape over watering, which can be controlled. If there are recurring patterns of surface erosion, installation of a concrete drain swale following the runoff lines may be necessary.

* Stress cracking (long cracks usually across drives) should be filled with a hot rubber filler in the dry season as needed to prevent water from getting under the pavement and collapsing it. However, the cost of continual crackfilling should be weighed against the one-time cost of overlay or replacement.

* "Alligatored" areas (failed asphalt indicated by checkerboard cracking and breakup) may indicate water intrusion under the pavement, or insufficient thickness of asphalt to handle the weight of larger vehicles. Sometimes it is necessary to replace failed asphalt areas with concrete in order to handle trash trucks, etc.

* It is the assumption of the industry that most concrete surfaces (including walks, curbs, and aprons) will last from 25 years to the life of the project (beyond 30 years) unless damaged by tree roots, poor base compaction, or water undermining the base. Lifted, sunken, or broken concrete sidewalk areas should be inventoried twice a year. If caused by tree roots, the trees should be removed and replaced with a species which has a less aggressive (more vertical) root system. Some lifted sidewalk sections may only need to have the edges bevel-ground by a qualified concrete grinder.

POOL AND EQUIPMENT: Inspect all pool interior surfaces monthly. Inspect deck caulking and expansion joints every spring and fall. Resurfacing of the pool liners is normally done on a 7 to 12 year cycle.

* Any cracks which are noted in the pool liners, border tile or border coping, as well as cracks in the concrete decking, should be repaired promptly. Water intrusion into the soil underneath the pool or decking may cause subsidence and should be avoided.

* Deteriorated caulking (most notably between the coping tiles and decking) should be removed and replaced as soon as possible. The ceramic inner border tiles at the pool have an 8 to 12 year normal life. The concrete coping tiles have a 20 year normal lifespan, with repairs done as needed from the operating budget in the interim.

* Water loss above normal evaporative loss should be investigated to minimize water intrusion into the underlying soil. If the pool and spa skimmers are two-piece models with neoprene ring fittings, they may need to be replaced with one-piece skimmers. If the cause of leaks is not apparent, consult with a leak detection firm as soon as possible.

* The pool heaters should be inspected for corrosion, especially at all gas and water fittings. If the pool heater is turned off during part of the year, it is very important to have a complete inspection done by a qualified professional prior to re-lighting it. Pool heaters, filters, motors and pumps have an expected life of 6 to 12 years, depending upon quality of equipment and maintenance.

* Any debris and stored items should be kept well clear of the pool and spa heaters; and every effort should be made to provide a clean and dry equipment area.

* The pool area chairs, tables and chaise lounges have a 5 to 10 year lifespan, depending upon pool chemical damage and vandalism. Repairs and refurbishing may be done in the meantime, including re-powdercoating frames and restrapping.

MECHANICAL EQUIPMENT:

*Most water delivery and waste line plumbing systems have a very long life (40 to 75 years) and are not considered as normal reserve replacement items. However, if the Association has a history of pinhole leaks, soil electrolysis problems, or pressure blowouts, it may be advisable to include some form of reserve allocation if repairs cannot be regularly scheduled through the operating budget. Since it is difficult to accurately determine costs, extent of damage, and best procedures for replacement at each Association, we recommend consultation with a qualified plumbing contractor or mechanical engineer.

LANDSCAPE: Timer clocks and control valves should be checked monthly for efficient operation. The irrigation control timer clocks throughout the project have a normal life of 10 to 12 years. The control valves are normally rebuilt as needed from the maintenance operating budget due to the sporadic replacement cycle.

* Trees should be reviewed with the landscaper two times per year for insect problems, need for pruning, and root problems including pavement uplift and horizontal growth through lawn areas. Tree trimming above the contracted maintenance height, as well as removals due to pavement damage and building proximity, may be done on a recommended 2 to 4 year cycle. As the trees grow to maturity, the reserve or operating cost should be increased proportionately.

Planters will often need to be re-waterproofed over a 15 to 30 year period due to movement and root growth which compromises the interior waterproofing membrane. This is an expensive task involving removal of plants and soil and the old membrane material (usually fiberglass or felt matting embedded in bitumen or epoxy), repair/replacement of retaining walls, and application of a new waterproofing system.

* Plants and supplies are normally replaced as needed from the maintenance operating budget. Area renovation (new shrubs, new planting configurations, more drought-resistant plantings) may be reviewed annually.

LIGHTING: Fixtures should be inspected each time bulbs are replaced and no less than once a year. Ground-mounted fixtures should be inspected for corrosion and sprinkler heads in the area should be adjusted to avoid direct spray on the fixtures. Post-mounted fixtures should be inspected for post deterioration. All electrical repairs should be performed by a qualified electrician.

UTILITY & GARAGE DOORS: Annual review, especially after the wet season, is recommended for signs of warpage and delamination. Metal bottoms strips may keep the outer skin from pulling away, extending the life. Replacement (with solid-core or plywood doors) may be done on a 15 to 30 year cycle. It may be done as needed from the operating budget, or as a reserve component if done in quantity (which may result in a lower per-unit cost).

TERMITE TREATMENTS: Responsibility for termite treatments may be ambiguous; however, California Civil Code 1364 (b) states that:

(1) In a community apartment project, condominium project, or stock cooperative, as defined in Section 1351, unless otherwise provided in the declaration (CC&Rs), the association is responsible for the repair and maintenance of the common area occasioned by the presence of wood-destroying pests or organisms.

(2) 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.

California Civil Code 1364 (c) states that "the cost of temporary relocation during the repair and maintenance of the area within the responsibility of the association shall be borne by the owner of the separate interest affected."

Although the IRS prefers that termite treatments and other pest control costs be considered as operating budget allocations rather than reserves, the high cost of tenting is best considered as either a reserve component or a special assessment. Subsequent spot treatments and maintenance contracts may then be included in the operating budget.

CONTINGENCY RESERVE: In order to protect the Association against unforeseen, hidden or higher-than projected costs, a contingency equal to 3% (newer projects) to 5% (older projects) of the total annual allocation is recommended by the California Department of Real Estate.

MAJOR PLUMBING/STRUCTURAL REPLACEMENTS: As residential projects age, components which would earlier have been considered "Life of the Project" (i.e., having a remaining life of greater than 30 years) begin to show signs of deterioration. Such components include, but are not limited to, plumbing, underground electrical, storm drain lines, and wood siding and framing. Inclusion of such items is contingent on the maintenance responsibilities of the Association as outlined in its CC&R's. Since most such components are not accessible to visual inspection, and no defined scope of work is available, we recommend an allowance which may be modified as needed in future studies to fund specific projects.