GOLDEN RAIN *foundation*
SEAL BEACH

SPECIAL FINANCE COMMITTEE
Administration Conference Room
Recording Secretary – Marisa McAuley
Monday, March 30, 2015 – 10:00 a.m.
AGENDA

*****Agenda Is Subject To Change*****

1. Call to Order
2. Pledge Of Allegiance
3. Roll Call
4. Committee Rules
5. Chair's Announcements
6. Foundation Member Comments (*Agenda Items Only*)
7. Correspondence
8. UNFINISHED BUSINESS
   a. Reserve Study
      i. Library (pgs. 1-4)
      ii. Maintenance Yard (pgs. 5-9)
      iii. Pool House (pgs. 10-14)
      iv. Resales Office (pgs. 15-17)
      v. Security Office (pgs. 18-21)
9. President's Comments
10. Foundation Member Comments
11. Committee Member Comments
12. Adjournment

CATEGORY	COMPONENT	ID	QUANTITY	TL	RL	COST	CC1	CORRECT	CC2	OBSERVATIONS	PROTECT
ROOF/DECKS	MODIFIED CAP SHEET ROOF	0101	1,500 sq ft	20	8	6,000	1	0	0	This component includes the modified cap-sheet roofing (flat). It appeared to be in average condition. On this type of structure, 2 layers are generally permitted. However, if it is decided to re-roof over the existing roofing, experience dictates that the typical useful life of the new materials would be reduced by approximately one third (33%). The average component cost and typical useful life provided reflects removal of the existing roofing prior to the installation of the new roofing.	Periodic maintenance should include an examination for, and resealing of any separated laps and seams. All flashings should also be regularly examined and resealed as necessary. Any roof drains should be maintained in a clean and operational condition at all times to prevent damming, water retention and associated leakage. A maintenance contract with a licensed roofing contractor is strongly recommended.
ROOF/DECKS	MODIFIED CAP SHEET ROOF-COATING	0102	operating budget	N/A	N/A	0	0	0	0	This component includes the coating for the modified cap-sheet roofing (flat). It appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Periodic maintenance should include an examination for, and resealing of any separated laps and seams. All flashings should also be regularly examined and resealed as necessary. Any roof drains should be maintained in a clean and operational condition at all times to prevent damming, water retention and associated leakage. A maintenance contract with a licensed roofing contractor is strongly recommended.
ROOF/DECKS	COMPOSITION SHINGLE ROOF	0103	5,200 sq ft	25	10	18,200	1	0	0	This component includes the composition shingle roofing (sloped). It appeared to be in average condition. For this type of roofing material on these types of structures, 2 layers are generally permitted. However, if it is decided to re-roof over the existing roofing, experience dictates that the typical useful life of the new materials would be reduced by approximately one third (33%). The average component cost and typical useful life provided reflects removal of the existing roofing prior to the installation of the new roofing.	Periodic maintenance should include an examination for and replacement of missing and damaged shingles, especially subsequent to windy weather and prior to the rainy season. All flashings should also be regularly examined and re-sealed with caulking mastic as necessary. Such repairs should be performed immediately upon discovery so as to help prevent damage to the surrounding roof areas, the structures and the interiors of the individual units. A maintenance contract with a licensed roofing contractor is strongly recommended.
ROOF/DECKS	GUTTERS & DOWNSPOUTS	0104	operating budget	N/A	N/A	0	0	0	0	The gutters and downspouts appeared to be in average condition. The importance of a properly functioning water removal system lies in the fact that other components can be affected considerably (i.e. integrity of the roof, siding, paint, termite infestation, etc.). Therefore, proper maintenance is imperative. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	The gutter systems should be regularly examined, cleaned, leveled and re-secured (if necessary) and all joints sealed as required. Drainage should be directed away from the structure.
ROOF/DECKS	SKYLIGHT	0105	operating budget	N/A	N/A	0	0	0	0	This component includes the skylight. It appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	The skylights should be re-caulked on an as-needed basis to prevent leakage (minor expenditure-operating cost).
STRUCTURE	FOUNDATIONS/STRUCTURAL FRAME	0201	1 building	30+	30+	0	0	0	0	This component includes the foundations and structural frame, along with the exterior surfaces. Provided there are no major catastrophes, the proper drainage principles are maintained and that structural pest control procedures are adhered to, this would normally be considered to be a lifetime component for which no reserve budget would be called for.	It is important that all grade levels be maintained 4-6 inches below the lowest edge of the structural frame. In addition, all grading should be properly sloped away from the structures for drainage and all downspouts should discharge onto hardscape areas or splash blocks such that rainwater is directed away from the structures.
STRUCTURE	STRUCTURAL PEST CONTROL	0202	60,000 cu ft	12	6	3,600	1	0	0	This component addresses the potential fumigation of the building. When and where an infestation of wood destroying pests or organisms occurs, and how severe the infestation will be, is difficult to predict. The California Department of Real Estate (DRE), per the "Operating Cost Manual", suggests that annual inspections be performed to discover any infestation in its early stages before it becomes a serious problem. It previously required that associations establish a reserve for fumigation of all structures on at least a 12-year basis. This is now considered optional; however, it would be prudent to budget for future fumigation in the event it becomes necessary. The frequency for fumigation tends to be greater in ocean environments, while decreasing further inland, especially in desert environments. It is suggested that further evaluation be obtained from a licensed pest control operator. Any necessary adjustments can be made in a future Reserve Study Update.	It is suggested that a regular and on-going maintenance program be established with a reputable licensed pest control operator. Such a program can minimize the necessity for fumigation. In addition, loose or cracked siding or stucco, peeling paint and gaps at trim around windows and doors should be repaired accordingly as to prevent moisture from making its way into the framing and providing an environment for termite infestation, fungus, and/or mold. It is recommended that planned inspection(s) be performed prior to repainting being done in order to identify & correct/repair these situations. Other situations that should be monitored with respect to termite infestation include low foundation walls, cracks in foundation walls, leaking pipes, over-watered landscape surrounding the structure, and damaged or nonexistent

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											gutters and downspouts that discharge near the perimeter of the structures.
STRUCTURE	SIDING-PLYWOOD	0203	2,100 sq ft	40	15	12,600	4	0	0	This component includes the plywood siding on the exterior of the building. It appeared to be in average condition. The other trim, including the wood fascia, is not included here, as it would be replaced as necessary on an on-going basis.	Maintenance of the siding is not only important from an aesthetics aspect but critical with respect to prevention of termite infestation as well. It should be regularly painted at a maximum of 4-year intervals. Regular examination for and repair of any cracks and splits should be performed as necessary. Any protruding nails should also be re-driven and sealed.
STRUCTURE	CANOPIES	0204	200 sq ft	10	7	2,500	1	0	0	This component includes the canvas canopies. They appeared to be in average condition.	Little by way of maintenance can be performed for the canopies other than regular cleaning per specifications from the manufacturer.
PAINT	EXTERIOR FLATWORK	0301	4,400 sq ft	10	5	3,500	1	0	0	This component includes the painted surfaces, primarily stucco, on the exterior of the building. They appeared to be in average condition.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if required.
PAINT	WOOD TRIM	0302	2,000 sq ft	4	2	3,200	1	0	0	This component includes the painted surfaces of the wood trim. They appeared to be in average condition.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if required.
PAINT	DOORS-PAINT	0303	operating budget	N/A	N/A	0	0	0	0	This component includes the painted surfaces of some of the doors. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of doors should be examined prior to painting and re-caulked if required.
PAINT	DOORS-LACQUER	0304	operating budget	N/A	N/A	0	0	0	0	This component includes the lacquered surfaces of some of the doors. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling lacquer should be sanded / scraped and bare areas properly primed prior to any finish lacquering. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of doors should be examined prior to refinishing and re-caulked if required.
PAINT	INTERIOR FLATWORK	0305	5,300 sq ft	10	5	4,250	1	0	0	This component includes the painted interior surfaces. They appeared to be in average condition.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if required.
PAINT	T-BAR CEILING PANELS	0306	6,000 sq ft	20	10	7,200	1	0	0	This component includes the painted surfaces of the T-bar ceiling panels. They appeared to be in average condition.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, and for protection of the underlying component. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks

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											should be sealed with appropriate materials.
MECHANICAL	HVAC: DUAL PACK	0401	3 @ 5 tons	20	3	8,750	4			This component includes the dual pack HVAC systems. They appeared to be in average to aging condition.	The HVAC should be serviced twice a year. We recommend obtaining a maintenance contract with a reputable licensed heating/air conditioning company.
MECHANICAL	PEDESTRIAN DOOR OPENERS	0402	2 doors	20	10	3,200	1	0	0	This component includes the automatic pedestrian door openers. They were encased and therefore inaccessible for inspection. For reporting purposes their remaining lives have been estimated.	Maintenance should include regular lubrication of all moving parts. It is suggested that a maintenance contract be obtained with a qualified specialist.
PLUMBING	DISTRIBUTION PIPING	0501	all	40	20	9,750	1	0	0	This component includes the copper distribution piping that provides potable water throughout the building. It appeared to be in average condition and no problems were observed. Although previously considered to be a lifetime component, copper piping has more recently been found to fail as early as 15 years after installation. This is suspected to be primarily caused by changes in the chemical makeup of potable water due to the U.S. Environmental Protection Agency's (EPA) Safe Water Drinking Act and the Lead and Copper Rule (LCR). For purposes of reporting, an approximate time frame of 40 years has been assumed for future replacement. A rough cost estimate has been provided. It is recommended that further evaluation be obtained from a licensed plumbing consultant / contractor, as well as consideration of an epoxy pipe lining system, and adjustments can be included in a future Reserve Study Update.	Little by way of maintenance is needed for the piping other than periodic examination for leaking, especially in the garage area. Any leaks should be promptly repaired upon discovery, as any wood or soil that is kept constantly moist provides ideal conditions for termites. Consideration may be given to professionally installing a water treatment system and / or an epoxy pipe lining system, which would serve to enhance the longevity of the piping.
PLUMBING	DRAINAGE/SEWER PIPING	0502	operating budget	N/A	N/A	0	0	0	0	This component addresses the sewer and drainage piping. No amount has been provided for complete replacement as the piping would typically have a life well in excess of the scope of this projection and would therefore be considered a lifetime component. It is recommended that any repair / sectional replacement be performed on an as-needed basis, and funded from the operating account.	Occasional routing should be performed to ensure that the drainage system is free flowing.
PLUMBING	WATER HEATER	0503	operating budget	N/A	N/A	0	0	0	0	This component includes a water heater that provides hot water for the restroom. It appeared to be in average condition; however, a visual examination cannot make predictions as to future performance (i.e. even with correct maintenance, these units can fail without warning). As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Maintenance should include periodic draining of a few gallons of water from the drain cock to relieve sediment build-up. A regular safety check-up by the local utility company (if available) or licensed plumbing contractor is also suggested.
PLUMBING	DRINKING FOUNTAIN	0504	operating budget	N/A	N/A	0	0	0	0	This component includes a chilled water drinking fountain. It appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Little by way of maintenance can be performed for this component.
ELECTRICAL	LIGHTING-EMERGENCY	0601	operating budget	N/A	N/A	0	0	0	0	This component includes the emergency light fixtures. They appeared to be in average condition and are usually desired to be replaced for appearance sake. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Maintenance would entail periodically checking the fixtures to make sure that they are secure and that the batteries are fully charged. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
ELECTRICAL	LIGHTING-EXIT SIGNS	0602	operating budget	N/A	N/A	0	0	0	0	This component includes the lighted exit signs. They appeared to be in average condition and are usually desired to be replaced for appearance sake. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Maintenance would entail periodically checking the fixtures to make sure that they are secure. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
ELECTRICAL	LIGHTING-EXTERIOR	0604	operating budget	N/A	N/A	0	0	0	0	This component includes the utilitarian type light fixtures at the exterior of the building. They appeared to be in average condition. It is recommended that any repair or replacements be performed on an as-needed basis, and funded from the operating account.	Maintenance would entail periodically checking the fixtures to make sure that they are secure. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
ELECTRICAL	LIGHTING-INTERIOR	0605	operating budget	N/A	N/A	0	0	0	0	This component includes the interior light fixtures of the building. They appeared to be in average condition. It is recommended that any repair or replacements be performed on an as-needed basis,	Maintenance would entail periodically checking the fixtures to make sure that they are secure. Also, occasional examination for, and changing of burned out

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										and funded from the operating account.	bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
ELECTRICAL	LIGHTING-WALKWAYS	0606	operating budget	N/A	N/A	0	0	0	0	This component includes the light fixtures at the walkway. They appeared to be in average condition. The external location of these fixtures usually makes them subject to a greater rate of deterioration due to exposure to the elements. Also, it is often desirable to replace these fixtures as they eventually become dated and/or more energy efficient options become available. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Maintenance would entail periodically checking the fixtures to make sure that they are secure. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
FLOORING	CARPETING	0701	610 sq yd	8	6	19,500	4	0	0	This component includes the carpeting. It appeared to be in average condition.	Maintenance should entail regular vacuum cleaning (from once weekly to as often as daily for high traffic areas). Power pile lifting is recommended at least once a month for high traffic areas. Mats are suggested to remove dirt from shoes before it can be tracked onto carpeted areas (should be cleaned and rotated regularly to prevent soil build-up that may spread to the carpet). Spots and spills should be removed as soon as possible to prevent permanent staining. Deep cleaning should be performed on an as-needed basis (before soil is noticeable – usually not more than once every one or two years) and fluorochemical treatment applied immediately after. It is recommended that before applying any topical treatments, the carpet manufacturer be contacted to prevent voiding of the warranty. Damaged areas should be repaired as they can create a trip hazard resulting in association liability.
FLOORING	TILE-CERAMIC	0702	500 sq ft	30	20	4,000	4	0	0	This component includes the ceramic tile flooring. It appeared to be in average condition.	Maintenance would entail occasional cleaning and periodic grout re-sealing.
RECREATION FACILITIES	FURNISHINGS-LIBRARY	0801	1 library	15	10	116,400	1	0	0	This component includes the furniture in the library. It appeared to be in average condition. The average component cost is general for the type of furnishings in use.	General cleaning should be performed on a regular basis. Wood surfaces should be cleaned with a standard furniture polish. Upholstered areas should be vacuumed periodically and cleaned as necessary with a mild soap solution or professionally steam cleaned simultaneously with carpeted areas.
RECREATION FACILITIES	RESTROOMS	0802	3 restrooms	20	10	12,500	1	0	0	This component includes the remodeling of the restrooms. They appeared to be in average condition.	The restrooms should be maintained in a sanitized condition.
RECREATION FACILITIES	BIKE RACKS	0803	1 rack	30+	30+	0	0	0	0	This component includes the metal bike racks. They appeared to be in good condition. They typically have a life expectancy well beyond the scope of this report (30 years), therefore, no funding has been provided at this time. Any necessary adjustments can be made in a future Reserve Study Update.	Little by way of maintenance can be performed for this component.
MISCELLANEOUS	FIRE EXTINGUISHERS	0901	operating budget	N/A	N/A	0	0	0	0	This component includes the fire extinguishers. They appeared to be in average condition. It is recommended that replacements be performed on an as-needed basis, and funded from the operating account.	The extinguishers should be inspected and re-charged by a State Fire Marshall approved company at a maximum of 1 year intervals (or as required by law).
MISCELLANEOUS	DIRECTORY BOARD	0902	operating budget	N/A	N/A	0	0	0	0	This component includes the glass faced aluminum case directory board. It appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Little can be performed by way of maintenance for this type of component.

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CATEGORY	COMPONENT	ID	QUANTITY	TL	RL	COST	CC1	CORRECT	CC2	OBSERVATIONS	PROTECT
ROOF/DECKS	CORRUGATED METAL ROOFING	0101	16,000 sq ft	30+	30+	0	0	0	0	This component includes the corrugated metal roofing. It would typically have a life expectancy well beyond the scope of this report (30 years), therefore, no funding has been provided at this time. However, we recommend the roofing be inspected on a regular basis. It is anticipated that eventually some, or all, of the material will require major refurbishment or replacement. Any necessary adjustments can be made in a future Reserve Study Update.	Little by way of maintenance can be performed for this component other than eventual painting. As the painting cycle would be somewhat unpredictable, it is recommended that the situation be monitored and funds for painting (when necessary) be supplied from the Contingency Reserve.
ROOF/DECKS	GUTTERS & DOWNSPOUTS	0102	1,200 lin ft	35	18	7,200	4	0	0	The aluminum gutters and downspouts appeared to be in average condition. The importance of a properly functioning water removal system lies in the fact that other components can be affected considerably (i.e. integrity of the roof, siding, paint, termite infestation, etc.). Therefore, proper maintenance is imperative.	The gutter systems should be regularly examined, cleaned, leveled and re-secured (if necessary) and all joints sealed as required. Drainage should be directed away from the structure.
STRUCTURE	FOUNDATIONS/STRUCTURAL FRAME	0201	6 buildings	30+	30+	0	0	0	0	This component includes the foundations and structural frame, along with the exterior surfaces. Provided there are no major catastrophes, the proper drainage principles are maintained and that structural pest control procedures are adhered to, this would normally be considered to be a lifetime component for which no reserve budget would be called for.	It is important that all grade levels be maintained 4-6 inches below the lowest edge of the structural frame. In addition, all grading should be properly sloped away from the structures for drainage and all downspouts should discharge onto hardscape areas or splash blocks such that rainwater is directed away from the structures.
STRUCTURE	STRUCTURAL PEST CONTROL	0202	Operating budget	N/A	N/A	0	0	0	0	This component addresses the potential fumigation of the buildings. As it is constructed primarily of concrete and steel (tilt-up construction), there would be no need for fumigation. Any necessary local treatments to the roofing system should be performed on an as-needed basis, and funded from the operating budget.	It is suggested that a regular and on-going maintenance program be established with a reputable licensed pest control operator. Such a program can minimize the necessity for fumigation. In addition, loose or cracked siding or stucco, peeling paint and gaps at trim around windows and doors should be repaired accordingly as to prevent moisture from making its way into the framing and providing an environment for termite infestation, fungus, and/or mold. It is recommended that planned inspection(s) be performed prior to repainting being done in order to identify & correct/repair these situations. Other situations that should be monitored with respect to termite infestation include low foundation walls, cracks in foundation walls, leaking pipes, over-watered landscape surrounding the structure, and damaged or nonexistent gutters and downspouts that discharge near the perimeter of the structures.
STRUCTURE	SIDING-CORRUGATED METAL	0203	11,000 sq ft	30+	30+	0	0	0	0	This component includes the corrugated metal siding on the exteriors of the buildings. It appeared to be in average condition. It would typically have a life expectancy well beyond the scope of this report (30 years). Therefore, no funding has been provided at this time. However, we recommend the siding be inspected on a regular basis. It is anticipated that eventually some, or all, of the siding will require major refurbishment or replacement. Any necessary adjustments can be made in a future Reserve Study Update.	Maintenance of the siding is not only important from an aesthetics aspect but critical with respect to prevention of termite infestation as well. Regular examination for and repair of any cracks and splits should be performed as necessary. Any protruding nails should also be re-driven and sealed.
PAINT	EXTERIOR FLATWORK	0301	14,300 sq ft	20	0	11,450	1	0	0	This component includes the painted surfaces on the exteriors of the buildings. They appeared to be in aging condition.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if required.
PAINT	WOOD TRIM	0302	operating budget	N/A	N/A	0	0	0	0	This component includes the painted surfaces of the wood trim. They appeared to be in aging condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if

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											required.
PAINT	DOORS-PAINT	0303	operating budget	N/A	N/A	0	0	0	0	This component includes the painted surfaces of some of the doors. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of doors should be examined prior to painting and re-caulked if required.
PAINT	DOORS-LACQUER	0304	operating budget	N/A	N/A	0	0	0	0	This component includes the lacquered surfaces of some of the doors. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling lacquer should be sanded / scraped and bare areas properly primed prior to any finish lacquering. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of doors should be examined prior to refinishing and re-caulked if required.
PAINT	INTERIOR FLATWORK	0305	3,700 sq ft	10	5	2,950	1	0	0	This component includes the painted interior surfaces. They appeared to be in average condition.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if required.
PAINT	T-BAR CEILING PANELS	0306	operating budget	N/A	N/A	0	0	0	0	This component includes the painted surfaces of the T-bar ceiling panels. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, and for protection of the underlying component. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials.
PAINT	IRONWORK	0307	operating budget	N/A	N/A	0	0	0	0	This component includes the painted surfaces of the ironwork at the exterior of the buildings. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, and for protection of the underlying component. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials.
PAINT	WOOD FENCING	0308	operating budget	N/A	N/A	0	0	0	0	This component includes the painted surfaces of the wood fencing. They appeared to be in aging condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials.
MECHANICAL	EXHAUST FANS	0401	10 @ ½ horsepower	20	5	14,000	4	0	0	This component includes the exhaust fans that serves the purpose of ventilating the garages. They appeared to be in average condition	The bearings should be oiled / greased on a periodic basis as well as occasional verification of operation of the fan. We recommend obtaining a maintenance contract with a qualified specialist.
MECHANICAL	HEAT PUMP–EVAPORATIVE COIL	0402	operating budget	N/A	N/A	0	0	0	0	This component includes the evaporative coil for the heat pump. It appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	The heat pump should be serviced twice a year. We recommend obtaining a maintenance contract with a reputable licensed heating/air conditioning company.
MECHANICAL	HEAT PUMP–CONDENSERS	0403	operating budget	N/A	N/A	0	0	0	0	This component includes a condenser for the heat pump. It appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	The heat pump should be serviced twice a year. We recommend obtaining a maintenance contract with a reputable licensed heating/air conditioning company.

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MECHANICAL	FORCED AIR FURNACES	0404	2 @ 120,000 btu	24	10	2,900	4	0	0	This component includes the forced air gas furnaces. They appeared to be in average condition.	The furnaces should be serviced twice a year. We recommend obtaining a maintenance contract with a reputable licensed heating/air conditioning company.
MECHANICAL	AIR CONDITIONING-WALL	0405	6 @ 2 ton	18	10	10,800	4	0	0	This component includes the through wall type space air-conditioning units. They appeared to be in average condition.	The air conditioners should be serviced twice a year. We recommend obtaining a maintenance contract with a reputable licensed heating/air conditioning company.
MECHANICAL	FUELING STATION/STORAGE TANK	0406	1 fueling station	30+	30+	0	0	0	0	This component includes the fuelling station and storage tank. It would typically have a life expectancy well beyond the scope of this report (30 years). Therefore, no funding has been provided at this time. However, we recommend the equipment be inspected on a regular basis. Any necessary adjustments can be made in a future Reserve Study Update.	N/A
MECHANICAL	UNDERGROUND STORAGE TANK LEAK DETECTION SYSTEM	0407	1 detection system	30	29	75,000	2	0	0	This component includes the underground leak detection system for the fueling tank. It would typically have a life expectancy well beyond the scope of this report (30 years), however, we were informed the system is now anticipated to be within the 30 year replacement window. Therefore, for funding purposes the remaining life has been assumed. We recommend the equipment be inspected on a regular basis. Any necessary adjustments can be made in a future Reserve Study Update.	N/A
MECHANICAL	PROPANE STORAGE TANK	0408	1 storage tank	30	29	14,000	2	0	0	This component includes the propane storage tank. It would typically have a life expectancy well beyond the scope of this report (30 years), however we were informed the system is now anticipated to be within the 30 year replacement window. Therefore, for funding purposes the remaining life has been assumed. We recommend the equipment be inspected on a regular basis. Any necessary adjustments can be made in a future Reserve Study Update.	N/A
MECHANICAL	WASTE/OIL TANK	0409	1 tank	30	29	20,000	2	0	0	This component includes the waste and oil tank. It would typically have a life expectancy well beyond the scope of this report (30 years), however we were informed the system is now anticipated to be within the 30 year replacement window. Therefore, for funding purposes the remaining life has been assumed. We recommend the equipment be inspected on a regular basis. Any necessary adjustments can be made in a future Reserve Study Update.	N/A
PLUMBING	DISTRIBUTION PIPING	0501	all	40	20	12,000	1	0	0	This component includes the copper distribution piping that provides potable water throughout the buildings. It appeared to be in average condition and no problems were observed. Although previously considered to be a lifetime component, copper piping has more recently been found to fail as early as 15 years after installation. This is suspected to be primarily caused by changes in the chemical makeup of potable water due to the U.S. Environmental Protection Agency's (EPA) Safe Water Drinking Act and the Lead and Copper Rule (LCR). For purposes of reporting, an approximate time frame of 40 years has been assumed for future replacement. A rough cost estimate has been provided. It is recommended that further evaluation be obtained from a licensed plumbing consultant / contractor, as well as consideration of an epoxy pipe lining system, and adjustments can be included in a future Reserve Study Update.	Little by way of maintenance is needed for the piping other than periodic examination for leaking, especially in the garage area. Any leaks should be promptly repaired upon discovery, as any wood or soil that is kept constantly moist provides ideal conditions for termites. Consideration may be given to professionally installing a water treatment system and / or an epoxy pipe lining system, which would serve to enhance the longevity of the piping.
PLUMBING	DRAINAGE/SEWER PIPING	0502	operating budget	N/A	N/A	0	0	0	0	This component addresses the sewer and drainage piping. No amount has been provided for complete replacement as the piping would typically have a life well in excess of the scope of this projection and would therefore be considered a lifetime component. It is recommended that any repair / sectional replacement be performed on an as-needed basis, and funded from the operating account.	Occasional routing should be performed to ensure that the drainage system is free flowing.
PLUMBING	WATER HEATER	0503	operating budget	N/A	N/A	0	0	0	0	This component includes a water heater that provides hot water for the restrooms. It appeared to be in average condition; however, a visual examination cannot make predictions as to future performance (i.e. even with correct maintenance, these units can fail without	Maintenance should include periodic draining of a few gallons of water from the drain cock to relieve sediment build-up. A regular safety check-up by the local utility company (if available) or licensed plumbing contractor is

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										warning). As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	also suggested.
PLUMBING	DRINKING FOUNTAINS	0504	2 drinking fountains	12	6	2,500	4	0	0	This component includes the chilled water drinking fountains. They appeared to be in average condition.	Little by way of maintenance can be performed for this component.
ELECTRICAL	CCTV SYSTEM-CAMERAS	0601	6 cameras	10	5	10,200	2	0	0	This component includes the cameras for the closed circuit television system, estimated at 6 cameras. They appeared to be in average condition.	Little by way of maintenance can be performed for this component, although minor operational problems are typically encountered (operating cost).
ELECTRICAL	CCTV SYSTEM-MONITOR	0602	Operating budget	N/A	N/A	0	0	0	0	This component includes the monitors for the closed circuit television system. We were informed they are linked with the intranet computer systems.	Little by way of maintenance can be performed for this component, although minor operational problems are typically encountered (operating cost).
ELECTRICAL	CCTV SYSTEM-RECORDER	0603	Operating budget	N/A	N/A	0	0	0	0	This component includes the recording system for the closed circuit television system. We were informed it is linked with the intranet computer systems.	Little by way of maintenance can be performed for this component, although minor operational problems are typically encountered (operating cost).
ELECTRICAL	LIGHTING-EMERGENCY	0604	operating budget	N/A	N/A	0	0	0	0	This component includes the emergency light fixtures. They appeared to be in average condition and are usually desired to be replaced for appearance sake. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Maintenance would entail periodically checking the fixtures to make sure that they are secure and that the batteries are fully charged. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
ELECTRICAL	LIGHTING-EXIT SIGNS	0605	operating budget	N/A	N/A	0	0	0	0	This component includes the lighted exit signs. They appeared to be in average condition and are usually desired to be replaced for appearance sake. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Maintenance would entail periodically checking the fixtures to make sure that they are secure. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
ELECTRICAL	LIGHTING-INTERIOR	0606	operating budget	N/A	N/A	0	0	0	0	This component includes the utilitarian type light fixtures at the exterior of the building. They appeared to be in average condition. It is recommended that any repair or replacements be performed on an as-needed basis, and funded from the operating account.	Maintenance would entail periodically checking the fixtures to make sure that they are secure. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
ELECTRICAL	LIGHTING-MAINTENANCE YARD	0607	13 fixtures	20	10	5,850	4	0	0	This component includes the exterior high intensity light fixtures. They appeared to be in average condition. These types of fixtures are typically subject to a greater level of deterioration from the elements.	Maintenance would entail periodically checking the fixtures to make sure that they are secure. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
FLOORING	CARPETING	0701	operating budget	N/A	N/A	0	0	0	0	This component includes the carpeting. It appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Maintenance should entail regular vacuum cleaning (from once weekly to as often as daily for high traffic areas). Power pile lifting is recommended at least once a month for high traffic areas. Mats are suggested to remove dirt from shoes before it can be tracked onto carpeted areas (should be cleaned and rotated regularly to prevent soil build-up that may spread to the carpet). Spots and spills should be removed as soon as possible to prevent permanent staining. Deep cleaning should be performed on an as-needed basis (before soil is noticeable – usually not more than once every one or two years) and fluorochemical treatment applied immediately after. It is recommended that before applying any topical treatments, the carpet manufacturer be contacted to prevent voiding of the warranty. Damaged areas should be repaired as they can create a trip hazard resulting in association liability.
RECREATION FACILITIES	FURNISHINGS-MAINTENANCE SHOP	0801	Allowance	10	1	12,000	2	0	0	This component includes the furnishings of the maintenance shop. They appeared to be in average condition. The average component cost is general for the type of furnishings in use, and it is recommended the allowance be periodically reviewed. Any adjustments can be included in a future Reserve Study Update.	N/A
RECREATION FACILITIES	PURCHASING WAREHOUSE	0802	Operating budget	N/A	N/A	0	0	0	0	This component includes the furnishings of the purchasing warehouse. They appeared to be in average condition. It is recommended that replacements be performed on an as-needed	N/A

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										basis, and funded from the operating account.	
RECREATION FACILITIES	FURNISHINGS-OFFICE	0803	1 multi office area	15	8	34,150	1	0	0	This component includes the furniture in the office area. It appeared to be in average condition. The average component cost is general for the type of furnishings in use.	General cleaning should be performed on a regular basis. Wood surfaces should be cleaned with a standard furniture polish. Upholstered areas should be vacuumed periodically and cleaned as necessary with a mild soap solution or professionally steam cleaned simultaneously with carpeted areas.
RECREATION FACILITIES	RESTROOMS	0804	2 restrooms	20	10	13,250	4	0	0	This component includes the remodeling of the restrooms. They appeared to be in average condition.	The restrooms should be maintained in a sanitized condition.
RECREATION FACILITIES	KITCHEN	0805	1 kitchen	20	10	6,150	4	0	0	This component includes the remodeling of the kitchen. It appeared to be in average condition.	The recreation room kitchen should be maintained in a sanitized condition. Occasional cleaning and verification of operation is generally the extent of any maintenance necessary for the appliances. It is recommended that the respective operating manuals be consulted with respect to more specific types of maintenance suggested for these appliances.
RECREATION FACILITIES	PICNIC TABLES	0806	6 picnic tables	20	10	4,500	4	0	0	This component includes the picnic tables. They appeared to be in average condition.	Little by way of maintenance can be performed for this component.
RECREATION FACILITIES	BENCHES	0807	6 benches	20	10	3,000	4	0	0	This component includes the benches. They appeared to be in average condition.	Little by way of maintenance can be performed for this component.
MISCELLANEOUS	FIRE EXTINGUISHERS	0901	operating budget	N/A	N/A	0	0	0	0	This component includes the fire extinguishers. They appeared to be in average condition. It is recommended that replacements be performed on an as-needed basis, and funded from the operating account.	The extinguishers should be inspected and re-charged by a State Fire Marshall approved company at a maximum of 1 year intervals (or as required by law).
MISCELLANEOUS	FIREHOSES	0902	operating budget	N/A	N/A	0	0	0	0	This component includes the fire hoses. They appeared to be in average condition. It is recommended that replacements be performed on an as-needed basis, and funded from the operating account.	The fire hoses should be inspected by a State Fire Marshall approved company at a maximum of 1-year intervals (or as required by law).
MISCELLANEOUS	WASHER & DRYER	0903	operating budget	N/A	N/A	0	0	0	0	This component includes the washer and dryer set. It appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Little can be performed by way of maintenance for this type of equipment.
MISCELLANEOUS	ICE MACHINE	0904	1 ice machine	10	5	3,500	4	0	0	This component includes the commercial ice machine located at the maintenance yard. It appeared to be in average condition.	Little can be performed by way of maintenance for this type of equipment.

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CATEGORY	COMPONENT	ID	QUANTITY	TL	RL	COST	CC1	CORRECT	CC2	OBSERVATIONS	PROTECT
ROOF/DECKS	BUILT-UP ROOF	0101	1,000 sq ft	15	2	3,500	1	0	0	This component includes the built-up roofing (flat). It appeared to be in an average to aging condition. On this type of structure, 2 layers are generally permitted. However, if it is decided to re-roof over the existing roofing, experience dictates that the typical useful life of the new materials would be reduced by approximately one third (33%). The average component cost and typical useful life provided reflects removal of the existing roofing prior to the installation of the new roofing.	Periodic maintenance should include an examination for, and resealing of any cracks, separated laps and seams. Gravel should also be added to any exposed felts. All flashings should also be regularly examined and resealed as necessary. Any roof drains should be maintained in a clean and operational condition at all times to prevent damming, water retention and associated leakage. A maintenance contract with a licensed roofing contractor is strongly recommended.
ROOF/DECKS	COMPOSITION SHINGLE ROOF	0102	3,200 sq ft	25	2	11,200	1	0	0	This component includes the composition shingle roofing (sloped). It appeared to be in an average to aging condition. For this type of roofing material on these types of structures, 2 layers are generally permitted. However, if it is decided to re-roof over the existing roofing, experience dictates that the typical useful life of the new materials would be reduced by approximately one third (33%). The average component cost and typical useful life provided reflects removal of the existing roofing prior to the installation of the new roofing.	Periodic maintenance should include an examination for and replacement of missing and damaged shingles, especially subsequent to windy weather and prior to the rainy season. All flashings should also be regularly examined and re-sealed with caulking mastic as necessary. Such repairs should be performed immediately upon discovery so as to help prevent damage to the surrounding roof areas, the structures and the interiors of the individual units. A maintenance contract with a licensed roofing contractor is strongly recommended.
STRUCTURE	FOUNDATIONS/STRUCTURAL FRAME	0201	1 building	30+	30+	0	0	0	0	This component includes the foundations and structural frame, along with the exterior surfaces. Provided there are no major catastrophes, the proper drainage principles are maintained and that structural pest control procedures are adhered to, this would normally be considered to be a lifetime component for which no reserve budget would be called for.	It is important that all grade levels be maintained 4-6 inches below the lowest edge of the structural frame. In addition, all grading should be properly sloped away from the structures for drainage and all downspouts should discharge onto hardscape areas or splash blocks such that rainwater is directed away from the structures.
STRUCTURE	STRUCTURAL PEST CONTROL	0202	42,000 cu ft	12	6	2,500	1	0	0	This component addresses the potential fumigation of the building. When and where an infestation of wood destroying pests or organisms occurs, and how severe the infestation will be, is difficult to predict. The California Department of Real Estate (DRE), per the "Operating Cost Manual", suggests that annual inspections be performed to discover any infestation in its early stages before it becomes a serious problem. It previously required that associations establish a reserve for fumigation of all structures on at least a 12-year basis. This is now considered optional; however, it would be prudent to budget for future fumigation in the event it becomes necessary. The frequency for fumigation tends to be greater in ocean environments, while decreasing further inland, especially in desert environments. It is suggested that further evaluation be obtained from a licensed pest control operator. Any necessary adjustments can be made in a future Reserve Study Update.	It is suggested that a regular and on-going maintenance program be established with a reputable licensed pest control operator. Such a program can minimize the necessity for fumigation. In addition, loose or cracked siding or stucco, peeling paint and gaps at trim around windows and doors should be repaired accordingly as to prevent moisture from making its way into the framing and providing an environment for termite infestation, fungus, and/or mold. It is recommended that planned inspection(s) be performed prior to repainting being done in order to identify & correct/repair these situations. Other situations that should be monitored with respect to termite infestation include low foundation walls, cracks in foundation walls, leaking pipes, over-watered landscape surrounding the structure, and damaged or nonexistent gutters and downspouts that discharge near the perimeter of the structures.
PAINT	EXTERIOR FLATWORK	0301	5,500 sq ft	10	5	4,400	1	0	0	This component includes the painted surfaces, primarily stucco, on the exterior of the building. They appeared to be in average condition.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if required.
PAINT	WOOD TRIM	0302	operating budget	N/A	N/A	0	0	0	0	This component includes the painted surfaces of the wood trim. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if

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											required.
PAINT	DOORS-PAINT	0303	operating budget	N/A	N/A	0	0	0	0	This component includes the painted surfaces of some of the doors. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of doors should be examined prior to painting and re-caulked if required.
PAINT	DOORS-LACQUER	0304	operating budget	N/A	N/A	0	0	0	0	This component includes the lacquered surfaces of some of the doors. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling lacquer should be sanded / scraped and bare areas properly primed prior to any finish lacquering. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of doors should be examined prior to refinishing and re-caulked if required.
PAINT	INTERIOR FLATWORK	0305	5,300 sq ft	10	5	4,250	1	0	0	This component includes the painted interior surfaces. They appeared to be in average condition.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if required.
PAINT	T-BAR CEILING PANELS	0306	6,000 sq ft	20	10	7,200	1	0	0	This component includes the painted surfaces of the T-bar ceiling panels. They appeared to be in average condition.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, and for protection of the underlying component. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials.
MECHANICAL	HEAT PUMP–EVAPORATIVE COILS	0401	2 coils	24	12	5,300	4	0	0	This component includes the evaporative coils for the heat pumps, estimated at 5 tons each. They were encased and therefore inaccessible for inspection. We were informed they are serviced regularly and were in good condition for their ages.	The heat pump should be serviced twice a year. We recommend obtaining a maintenance contract with a reputable licensed heating/air conditioning company.
MECHANICAL	HEAT PUMP–CONDENSERS	0402	2 condensers	18	6	5,200	4	0	0	This component includes the condensers for the heat pumps, estimated at 5 tons. They appeared to be in average condition for their ages.	The heat pump should be serviced twice a year. We recommend obtaining a maintenance contract with a reputable licensed heating/air conditioning company.
PLUMBING	DISTRIBUTION PIPING	0501	all	40	20	51,000	1	0	0	This component includes the copper distribution piping that provides potable water throughout the building. It appeared to be in average condition and no problems were observed. Although previously considered to be a lifetime component, copper piping has more recently been found to fail as early as 15 years after installation. This is suspected to be primarily caused by changes in the chemical makeup of potable water due to the U.S. Environmental Protection Agency's (EPA) Safe Water Drinking Act and the Lead and Copper Rule (LCR). For purposes of reporting, an approximate time frame of 40 years has been assumed for future replacement. A rough cost estimate has been provided. It is recommended that further evaluation be obtained from a licensed plumbing consultant / contractor, as well as consideration of an epoxy pipe lining system, and adjustments can be included in a future Reserve Study Update.	Little by way of maintenance is needed for the piping other than periodic examination for leaking, especially in the garage area. Any leaks should be promptly repaired upon discovery, as any wood or soil that is kept constantly moist provides ideal conditions for termites. Consideration may be given to professionally installing a water treatment system and / or an epoxy pipe lining system, which would serve to enhance the longevity of the piping.
PLUMBING	DRAINAGE/SEWER PIPING	0502	operating budget	N/A	N/A	0	0	0	0	This component addresses the sewer and drainage piping. No amount has been provided for complete replacement as the piping would typically have a life well in excess of the scope of this projection and would therefore be considered a lifetime component. It is recommended that any repair / sectional replacement be performed on an as-needed basis, and funded from the operating account.	Occasional routing should be performed to ensure that the drainage system is free flowing.

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PLUMBING	WATER HEATERS	0503	2 water heaters	10	7	3,800	4	0	0	This component includes the water heaters that provides hot water for the restrooms. They appeared to be in average condition; however, a visual examination cannot make predictions as to future performance (i.e. even with correct maintenance, these units can fail without warning).	Maintenance should include periodic draining of a few gallons of water from the drain cock to relieve sediment build-up. A regular safety check-up by the local utility company (if available) or licensed plumbing contractor is also suggested.
PLUMBING	WATER STORAGE TANKS	0504	6 tanks	10	0	12,000	4	0	0	This component includes the hot water storage tanks. They appeared to be in an aging condition. This type of equipment can fail without warning, often as a result of improper maintenance.	Maintenance should include periodic draining of a few gallons of water from the drain cock to relieve sediment build-up. It is also essential that the sacrificial anodes be checked at least every three months. A service contract with a reputable licensed plumbing contractor is again recommended for longevity of the system. Consideration may be given to professionally installing a water treatment system and / or an epoxy pipe lining system, which would serve to enhance the longevity of the piping.
PLUMBING	DRINKING FOUNTAINS	0505	2 drinking fountains	12	6	2,500	4	0	0	This component includes the chilled water drinking fountains. They appeared to be in average condition.	Little by way of maintenance can be performed for this component.
PLUMBING	SOLAR PANELS	0506	2 sets of 6 panels	15	0	27,400	4	0	0	This component includes the glass collector panels for the solar water heating system. They appeared to be in aging condition. Water quality as well as amount of exposure to heat and ultraviolet rays affects the typical life expectancy of this equipment. The average component cost provides for replacement of the panels only.	Maintenance would entail periodically hosing down the panels and checking for leaks. It is suggested that a professional solar water heating company at regular intervals (most likely annually) perform inspection and maintenance.
ELECTRICAL	LIGHTING-EMERGENCY	0601	operating budget	N/A	N/A	0	0	0	0	This component includes the emergency light fixtures. They appeared to be in average condition and are usually desired to be replaced for appearance sake. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Maintenance would entail periodically checking the fixtures to make sure that they are secure and that the batteries are fully charged. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
ELECTRICAL	LIGHTING-EXTERIOR	0602	operating budget	N/A	N/A	0	0	0	0	This component includes the utilitarian type light fixtures at the exterior of the building. They appeared to be in average condition. It is recommended that any repair or replacements be performed on an as-needed basis, and funded from the operating account.	Maintenance would entail periodically checking the fixtures to make sure that they are secure. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
ELECTRICAL	LIGHTING-INTERIOR	0603	operating budget	N/A	N/A	0	0	0	0	This component includes the interior light fixtures of the building. They appeared to be in average condition. It is recommended that any repair or replacements be performed on an as-needed basis, and funded from the operating account.	Maintenance would entail periodically checking the fixtures to make sure that they are secure. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
FLOORING	CARPETING	0701	1,000 sq yds	5	4	3,000	4	0	0	This component includes the carpeting. It appeared to be in average condition.	Maintenance should entail regular vacuum cleaning (from once weekly to as often as daily for high traffic areas). Power pile lifting is recommended at least once a month for high traffic areas. Mats are suggested to remove dirt from shoes before it can be tracked onto carpeted areas (should be cleaned and rotated regularly to prevent soil build-up that may spread to the carpet). Spots and spills should be removed as soon as possible to prevent permanent staining. Deep cleaning should be performed on an as-needed basis (before soil is noticeable – usually not more than once every one or two years) and fluorochemical treatment applied immediately after. It is recommended that before applying any topical treatments, the carpet manufacturer be contacted to prevent voiding of the warranty. Damaged areas should be repaired as they can create a trip hazard resulting in association liability.
FLOORING	TILE-CERAMIC	0702	500 sq ft	30	20	4,000	4	0	0	This component includes the ceramic tile flooring. It appeared to be in average condition.	Maintenance would entail occasional cleaning and periodic grout re-sealing.
POOL/SPA	POOL - PLASTER	0801	3,100 sq ft	10	7	15,500	4	0	0	This component includes the plaster lining of the pool. It appeared to be in average condition.	Maintenance of a clean surface and proper chemical balance is essential for the longevity of the fiberglass shell.

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POOL/SPA	SPA - PLASTER	0802	750 sq ft	5	2	10,300	1	0	0	This component includes the plaster lining of the spa. It appeared to be in average condition.	Maintenance of a clean surface and proper chemical balance is essential for the longevity of the fiberglass shell.
POOL/SPA	COPING JOINT	0803	operating budget	N/A	N/A	0	0	0	0	This component includes the caulking for the control joint (gap) between the pool and spa decking and the coping. It appeared be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Maintenance of a well-sealed joint will reduce the potential for cracking and settlement of the pool decks. Prior to subsequent re-caulking of the coping joint, the existing caulk should be removed first. Otherwise, little by way of maintenance can be performed for this component.
POOL/SPA	COPING/TILE	0804	300 lin ft	20	15	12,000	1	0	0	This component includes the coping and tile around the perimeter of the pool and spa. It appeared to be in average condition. It is suggested that replacement be coordinated with alternate re-plastering cycles.	Little by way of maintenance can be performed for the coping and tile other than regular cleaning.
POOL/SPA	HEATERS	0805	2 @ 990,000 btu	12	6	35,200	4	0	0	This component includes the heaters for the pool and spa. They appeared to be in average condition.	The heater should be professionally cleaned and serviced on an annual basis.
POOL/SPA	FILTERS	0806	5 @ 35 sq ft	10	5	5,250	4	0	0	This component includes the filters for the pool and spa. They appeared to be in average condition.	The filter should be regularly cleaned and the media re-charged or replaced (back-washed).
POOL/SPA	SEPARATION TANKS	0807	operating budget	N/A	N/A	0	0	0	0	This component includes the separation tanks for the pool and spa. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Little by way of maintenance can be performed for this component.
POOL/SPA	MOTORS	0808	6 @ 3 horsepower	5	3	3,000	4	0	0	This component includes the motors for the pool and spa. They appeared to be in average condition.	The motor should be regularly examined, lubricated and serviced as necessary.
POOL/SPA	PUMPS	0809	operating budget	N/A	N/A	0	0	0	0	This component includes the pumps for the pool and spa. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	The pump should be regularly examined, lubricated and serviced as necessary.
POOL/SPA	AIR BLOWERS	0810	operating budget	N/A	N/A	0	0	0	0	This component includes the air blowers for the spa. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Little by way of maintenance can be performed for this component.
POOL/SPA	CHLORINATORS	0811	operating budget	N/A	N/A	0	0	0	0	This component includes the chlorinators, which automatically add chlorine to the pool/spa water on a continuous basis. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Little by way of maintenance can be performed for this component.
POOL/SPA	ADA POOL LIFT	0812	1 lift	10	5	4,000	4	0	0	This component includes a battery operated piston drive ADA lift. It appeared to be in average condition.	N/A.
POOL/SPA	FURNITURE-REPLACE	0813	85 pieces	10	8	16,650	4	0	0	This component provides for the replacement of the furniture around the pool and spa, comprised of tables, vinyl strapped chairs and chaises. It appeared to be in average condition. Exposure to dirt, dust, suntan oils, tree sap, pool chemicals, insecticide sprays, and environmental factors (especially ultraviolet light); contribute significantly to the deterioration of this type of furniture.	Vinyl strapped furniture should be hosed down on a weekly basis and a vinyl protection product applied regularly (cleansers, undiluted bleach, scouring agents, solvents, and gasoline should never be used). The painted metal frames should occasionally be cleaned with a mild soap and water solution, and an automotive wax applied seasonally. Acrylic/plastic tabletops can be protected / restored with automotive wax as well. Umbrella fabrics can be cleaned with a solution of 1cup of bleach mixed with 1cup of dish detergent in 3 gallons of water. Corrosion on aluminum umbrella poles can be removed with an aluminum brightener. If possible the furniture should be covered/put in storage when not in use (especially during off-season).
POOL/SPA	FURNITURE-REFURBISH	0814		10	3	6,650	1	0	0	This component provides for the refurbishment of the furniture around the pool and spa. As this furniture is of an average quality, it would lend itself towards refurbishment, usually at 5 year intervals, prior to complete replacement becoming necessary.	Vinyl strapped furniture should be hosed down on a weekly basis and a vinyl protection product applied regularly (cleansers, undiluted bleach, scouring agents, solvents, and gasoline should never be used). The painted metal frames should occasionally be cleaned with

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											a mild soap and water solution, and an automotive wax applied seasonally. Acrylic/plastic tabletops can be protected / restored with automotive wax as well. Umbrella fabrics can be cleaned with a solution of 1cup of bleach mixed with 1cup of dish detergent in 3 gallons of water. Corrosion on aluminum umbrella poles can be removed with an aluminum brightener. If possible, the furniture should be covered/put in storage when not in use (especially during off-season).
POOL/SPA	POOL COVERS		2 covers	10	5	8,000	2	0	0	This component includes the covers for the pool and hot pool. They appeared to be in average condition. The average component cost is general for the type of equipment in use. The allowance should be reviewed periodically and any necessary adjustments can be included in a future Reserve Study Update.	N/A.
RECREATION FACILITIES	RESTROOMS-LARGE	0901	2 restrooms	20	15	167,950	4	0	0	This component includes the remodeling of the larger restrooms. They appeared to be in average condition.	The restrooms should be maintained in a sanitized condition.
RECREATION FACILITIES	RESTROOMS-SMALL	0902	2 restrooms	20	15	3,700	4	0	0	This component includes the remodeling of the smaller restrooms. They appeared to be in average condition.	The restrooms should be maintained in a sanitized condition.
RECREATION FACILITIES	BIKE RACKS	0903	4 racks	30+	30+	0	0	0	0	This component includes the metal bike racks. They appeared to be in good condition. They typically have a life expectancy well beyond the scope of this report (30 years), therefore, no funding has been provided at this time. Any necessary adjustments can be made in a future Reserve Study Update.	Little by way of maintenance can be performed for this component.
MISCELLANEOUS	FIRE EXTINGUISHERS	1001	operating budget	N/A	N/A	0	0	0	0	This component includes the fire extinguishers. They appeared to be in average condition. It is recommended that replacements be performed on an as-needed basis, and funded from the operating account.	The extinguishers should be inspected and re-charged by a State Fire Marshall approved company at a maximum of 1 year intervals (or as required by law).

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CATEGORY	COMPONENT	ID	QUANTITY	TL	RL	COST	CC1	CORRECT	CC2	OBSERVATIONS	PROTECT
ROOF/DECKS	COMPOSITION SHINGLE ROOF	0101	3,500 sq ft	25	23	12,250	1	0	0	This component includes the composition shingle roofing (sloped). We were informed it was replaced in 2013 and it appeared to be in good condition. For this type of roofing material on these types of structures, 2 layers are generally permitted. However, if it is decided to re-roof over the existing roofing, experience dictates that the typical useful life of the new materials would be reduced by approximately one third (33%). The average component cost and typical useful life provided reflects removal of the existing roofing prior to the installation of the new roofing.	Periodic maintenance should include an examination for and replacement of missing and damaged shingles, especially subsequent to windy weather and prior to the rainy season. All flashings should also be regularly examined and re-sealed with caulking mastic as necessary. Such repairs should be performed immediately upon discovery so as to help prevent damage to the surrounding roof areas, the structures and the interiors of the individual units. A maintenance contract with a licensed roofing contractor is strongly recommended.
STRUCTURE	FOUNDATIONS/STRUCTURAL FRAME	0201	1 building	30+	30+	0	0	0	0	This component includes the foundations and structural frame, along with the exterior surfaces. Provided there are no major catastrophes, the proper drainage principles are maintained and that structural pest control procedures are adhered to, this would normally be considered to be a lifetime component for which no reserve budget would be called for.	It is important that all grade levels be maintained 4-6 inches below the lowest edge of the structural frame. In addition, all grading should be properly sloped away from the structures for drainage and all downspouts should discharge onto hardscape areas or splash blocks such that rainwater is directed away from the structures.
STRUCTURE	STRUCTURAL PEST CONTROL	0202	33,600 cu ft	12	6	20,150	1	0	0	This component addresses the potential fumigation of the building. When and where an infestation of wood destroying pests or organisms occurs, and how severe the infestation will be, is difficult to predict. The California Department of Real Estate (DRE), per the "Operating Cost Manual", suggests that annual inspections be performed to discover any infestation in its early stages before it becomes a serious problem. It previously required that associations establish a reserve for fumigation of all structures on at least a 12-year basis. This is now considered optional; however, it would be prudent to budget for future fumigation in the event it becomes necessary. The frequency for fumigation tends to be greater in ocean environments, while decreasing further inland, especially in desert environments. It is suggested that further evaluation be obtained from a licensed pest control operator. Any necessary adjustments can be made in a future Reserve Study Update.	It is suggested that a regular and on-going maintenance program be established with a reputable licensed pest control operator. Such a program can minimize the necessity for fumigation. In addition, loose or cracked siding or stucco, peeling paint and gaps at trim around windows and doors should be repaired accordingly as to prevent moisture from making its way into the framing and providing an environment for termite infestation, fungus, and/or mold. It is recommended that planned inspection(s) be performed prior to repainting being done in order to identify & correct/repair these situations. Other situations that should be monitored with respect to termite infestation include low foundation walls, cracks in foundation walls, leaking pipes, over-watered landscape surrounding the structure, and damaged or nonexistent gutters and downspouts that discharge near the perimeter of the structures.
STRUCTURE	SIDING-PLYWOOD	0203	2,500 sq ft	40	12	15,000	4	0	0	This component includes the plywood siding on the exterior of the building. It appeared to be in average condition. The other trim, including the wood fascia, is not included here, as it would be replaced as necessary on an on-going basis.	Maintenance of the siding is not only important from an aesthetics aspect but critical with respect to prevention of termite infestation as well. It should be regularly painted at a maximum of 4-year intervals. Regular examination for and repair of any cracks and splits should be performed as necessary. Any protruding nails should also be re-driven and sealed.
PAINT	WOOD TRIM & SIDING	0301	2,500 sq ft	4	2	3,000	1	0	0	This component includes the painted surfaces of the wood siding and trim. It appeared to be in average condition.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if required.
PAINT	DOORS	0302	operating budget	N/A	N/A	0	0	0	0	This component includes the painted surfaces of the doors. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of doors should be examined prior to painting and re-caulked if required.
PAINT	INTERIOR FLATWORK	0303	4,600 sq ft	10	7	3,700	1	0	0	This component includes the painted interior surfaces. They appeared to be in average condition.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of

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											the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if required.
PAINT	T-BAR CEILING PANELS	0304	3,300 sq ft	20	5	3,950	1	0	0	This component includes the painted surfaces of the T-bar ceiling panels. They appeared to be in average condition.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, and for protection of the underlying component. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials.
MECHANICAL	HVAC: DUAL PACK	0401	1 @ 5 tons	18	10	8,750	4			This component includes HVAC system dual pack unit. It appeared to be in good condition.	The heat pump should be serviced twice a year. We recommend obtaining a maintenance contract with a reputable licensed heating/air conditioning company.
PLUMBING	DISTRIBUTION PIPING	0501	all	40	30	6,750	1	0	0	This component includes the copper distribution piping that provides potable water throughout the building. It appeared to be in average condition and no problems were observed. Although previously considered to be a lifetime component, copper piping has more recently been found to fail as early as 15 years after installation. This is suspected to be primarily caused by changes in the chemical makeup of potable water due to the U.S. Environmental Protection Agency's (EPA) Safe Water Drinking Act and the Lead and Copper Rule (LCR). For purposes of reporting, an approximate time frame of 40 years has been assumed for future replacement. A rough cost estimate has been provided. It is recommended that further evaluation be obtained from a licensed plumbing consultant / contractor, as well as consideration of an epoxy pipe lining system, and adjustments can be included in a future Reserve Study Update.	Little by way of maintenance is needed for the piping other than periodic examination for leaking, especially in the garage area. Any leaks should be promptly repaired upon discovery, as any wood or soil that is kept constantly moist provides ideal conditions for termites. Consideration may be given to professionally installing a water treatment system and / or an epoxy pipe lining system, which would serve to enhance the longevity of the piping.
PLUMBING	DRAINAGE/SEWER PIPING	0502	operating budget	N/A	N/A	0	0	0	0	This component addresses the sewer and drainage piping. No amount has been provided for complete replacement as the piping would typically have a life well in excess of the scope of this projection and would therefore be considered a lifetime component. It is recommended that any repair / sectional replacement be performed on an as-needed basis, and funded from the operating account.	Occasional routing should be performed to ensure that the drainage system is free flowing.
PLUMBING	WATER HEATER	0503	operating budget	N/A	N/A	0	0	0	0	This component includes a water heater that provides hot water for the restrooms. It appeared to be in average condition; however, a visual examination cannot make predictions as to future performance (i.e. even with correct maintenance, these units can fail without warning). As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Maintenance should include periodic draining of a few gallons of water from the drain cock to relieve sediment build-up. A regular safety check-up by the local utility company (if available) or licensed plumbing contractor is also suggested.
PLUMBING	DRINKING FOUNTAIN	0504	operating budget	N/A	N/A	0	0	0	0	This component includes a chilled water drinking fountain. It appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Little by way of maintenance can be performed for this component.
ELECTRICAL	LIGHTING-EXTERIOR	0601	operating budget	N/A	N/A	0	0	0	0	This component includes the utilitarian type light fixtures at the exterior of the building. They appeared to be in average condition. It is recommended that any repair or replacements be performed on an as-needed basis, and funded from the operating account.	Maintenance would entail periodically checking the fixtures to make sure that they are secure. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
ELECTRICAL	LIGHTING-INTERIOR	0602	operating budget	N/A	N/A	0	0	0	0	This component includes the interior light fixtures of the building. They appeared to be in average condition. It is recommended that any repair or replacements be performed on an as-needed basis, and funded from the operating account.	Maintenance would entail periodically checking the fixtures to make sure that they are secure. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
FLOORING	CARPETING	0701	330 sq yds	5	2	10,550	4	0	0	This component includes the carpeting. It appeared to be in average condition.	Maintenance should entail regular vacuum cleaning (from once weekly to as often as daily for high traffic areas).

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											Power pile lifting is recommended at least once a month for high traffic areas. Mats are suggested to remove dirt from shoes before it can be tracked onto carpeted areas (should be cleaned and rotated regularly to prevent soil build-up that may spread to the carpet). Spots and spills should be removed as soon as possible to prevent permanent staining. Deep cleaning should be performed on an as-needed basis (before soil is noticeable – usually not more than once every one or two years) and fluorochemical treatment applied immediately after. It is recommended that before applying any topical treatments, the carpet manufacturer be contacted to prevent voiding of the warranty. Damaged areas should be repaired as they can create a trip hazard resulting in association liability.
RECREATION FACILITIES	FURNISHINGS-RESALE OFFICE	0801	1 multi-office area	15	8	24,150	1	0	0	This component includes the furniture in the multi-office area. It appeared to be in average condition. The average component cost is general for the type of furnishings in use.	General cleaning should be performed on a regular basis. Wood surfaces should be cleaned with a standard furniture polish. Upholstered areas should be vacuumed periodically and cleaned as necessary with a mild soap solution or professionally steam cleaned simultaneously with carpeted areas.
RECREATION FACILITIES	RESTROOMS	0802	2 restrooms	20	10	4,050	4	0	0	This component includes the remodeling of the restrooms. They appeared to be in average condition.	The restrooms should be maintained in a sanitized condition.
RECREATION FACILITIES	KITCHEN	0803	1 kitchen	20	10	3,250	4	0	0	This component includes the remodeling of the kitchen. It appeared to be in average condition.	The recreation room kitchen should be maintained in a sanitized condition. Occasional cleaning and verification of operation is generally the extent of any maintenance necessary for the appliances. It is recommended that the respective operating manuals be consulted with respect to more specific types of maintenance suggested for these appliances.
RECREATION FACILITIES	BIKE RACKS	0804	4 racks	30+	30+	0	0	0	0	This component includes the metal bike racks. They appeared to be in good condition. They typically have a life expectancy well beyond the scope of this report (30 years), therefore, no funding has been provided at this time. Any necessary adjustments can be made in a future Reserve Study Update.	Little by way of maintenance can be performed for this component.
MISCELLANEOUS	FIRE EXTINGUISHERS	0901	operating budget	N/A	N/A	0	0	0	0	This component includes the fire extinguishers. They appeared to be in average condition. It is recommended that replacements be performed on an as-needed basis, and funded from the operating account.	The extinguishers should be inspected and re-charged by a State Fire Marshall approved company at a maximum of 1 year intervals (or as required by law).

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CATEGORY	COMPONENT	ID	QUANTITY	TL	RL	COST	CC1	CORRECT	CC2	OBSERVATIONS	PROTECT
ROOF/DECKS	COMPOSITION SHINGLE ROOF	0101	5,500 sq ft	25	5	19,250	1	0	0	This component includes the composition shingle roofing (sloped). It appeared to be in average to aging condition. For this type of roofing material on these types of structures, 2 layers are generally permitted. However, if it is decided to re-roof over the existing roofing, experience dictates that the typical useful life of the new materials would be reduced by approximately one third (33%). The average component cost and typical useful life provided reflects removal of the existing roofing prior to the installation of the new roofing.	Periodic maintenance should include an examination for and replacement of missing and damaged shingles, especially subsequent to windy weather and prior to the rainy season. All flashings should also be regularly examined and re-sealed with caulking mastic as necessary. Such repairs should be performed immediately upon discovery so as to help prevent damage to the surrounding roof areas, the structures and the interiors of the individual units. A maintenance contract with a licensed roofing contractor is strongly recommended.
ROOF/DECKS	GUTTERS & DOWNSPOUTS	0102	500 lin ft	25	10	3,000	4	0	0	The aluminum gutters and downspouts appeared to be in average condition. The importance of a properly functioning water removal system lies in the fact that other components can be affected considerably (i.e. integrity of the roof, siding, paint, termite infestation, etc.). Therefore, proper maintenance is imperative.	The gutter systems should be regularly examined, cleaned, leveled and re-secured (if necessary) and all joints sealed as required. Drainage should be directed away from the structure.
STRUCTURE	FOUNDATIONS/STRUCTURAL FRAME	0201	1 building and 2 guard houses	30+	30+	0	0	0	0	This component includes the foundations and structural frame, along with the exterior surfaces. Provided there are no major catastrophes, the proper drainage principles are maintained and that structural pest control procedures are adhered to, this would normally be considered to be a lifetime component for which no reserve budget would be called for.	It is important that all grade levels be maintained 4-6 inches below the lowest edge of the structural frame. In addition, all grading should be properly sloped away from the structures for drainage and all downspouts should discharge onto hardscape areas or splash blocks such that rainwater is directed away from the structures.
STRUCTURE	STRUCTURAL PEST CONTROL	0202	operating budget	N/A	N/A	0	0	0	0	This component addresses the potential fumigation of the building. When and where an infestation of wood destroying pests or organisms occurs, and how severe the infestation will be, is difficult to predict. The California Department of Real Estate (DRE), per the "Operating Cost Manual", suggests that annual inspections be performed to discover any infestation in its early stages before it becomes a serious problem. It previously required that associations establish a reserve for fumigation of all structures on at least a 12-year basis. This is now considered optional; however, it would be prudent to budget for future fumigation in the event it becomes necessary. The frequency for fumigation tends to be greater in ocean environments, while decreasing further inland, especially in desert environments. It is suggested that further evaluation be obtained from a licensed pest control operator. Any necessary adjustments can be made in a future Reserve Study Update. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	It is suggested that a regular and on-going maintenance program be established with a reputable licensed pest control operator. Such a program can minimize the necessity for fumigation. In addition, loose or cracked siding or stucco, peeling paint and gaps at trim around windows and doors should be repaired accordingly as to prevent moisture from making its way into the framing and providing an environment for termite infestation, fungus, and/or mold. It is recommended that planned inspection(s) be performed prior to repainting being done in order to identify & correct/repair these situations. Other situations that should be monitored with respect to termite infestation include low foundation walls, cracks in foundation walls, leaking pipes, over-watered landscape surrounding the structure, and damaged or nonexistent gutters and downspouts that discharge near the perimeter of the structures.
STRUCTURE	SIDING-PLYWOOD	0203	1,000 sq ft	40	20	6,000	4	0	0	This component includes the plywood siding on the exteriors of the buildings. It appeared to be in average condition. The other trim, including the wood fascia, is not included here, as it would be replaced as necessary on an on-going basis.	Maintenance of the siding is not only important from an aesthetics aspect but critical with respect to prevention of termite infestation as well. It should be regularly painted at a maximum of 4-year intervals. Regular examination for and repair of any cracks and splits should be performed as necessary. Any protruding nails should also be re-driven and sealed.
PAINT	EXTERIOR FLATWORK	0301	5,300 sq ft	10	1	4,250	1	0	0	This component includes the painted surfaces of the exterior of the buildings. They appeared to be in an aging condition.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if required.
PAINT	WOOD TRIM & SIDING	0302	operating budget	N/A	N/A	0	0	0	0	This component includes the painted surfaces of the wood siding and trim. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped

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										provided for in the operating budget.	and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if required.
PAINT	DOORS	0303	operating budget	N/A	N/A	0	0	0	0	This component includes the painted surfaces of the doors. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of doors should be examined prior to painting and re-caulked if required.
PAINT	INTERIOR FLATWORK	0304	4,200 sq ft	10	6	3,350	1	0	0	This component includes the painted interior surfaces. They appeared to be in average condition.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if required.
PAINT	T-BAR CEILING PANELS	0305	2,500 sq ft	20	5	3,000	1	0	0	This component includes the painted surfaces of the T-bar ceiling panels. They appeared to be in average condition.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, and for protection of the underlying component. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials.
PAINT	IRONWORK	0306	operating budget	N/A	N/A	0	0	0	0	This component includes the painted surfaces of the ironwork at the exterior of the buildings. They appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, and for protection of the underlying component. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials.
MECHANICAL	HEAT PUMP–EVAPORATIVE COILS	0401	2 evaporative coils	24	16	3,050	4	0	0	This component includes the evaporative coils for the heat pumps. They appeared to be in average condition.	The heat pump should be serviced twice a year. We recommend obtaining a maintenance contract with a reputable licensed heating/air conditioning company.
MECHANICAL	HEAT PUMP–CONDENSERS	0402	2 condensers	18	6	3,450	4	0	0	This component includes the condensers for the heat pumps. They appeared to be in average condition.	The heat pump should be serviced twice a year. We recommend obtaining a maintenance contract with a reputable licensed heating/air conditioning company.
MECHANICAL	HVAC: EVAPORATIVE COIL	0403	1 @ 5 tons	18	12	4,400	4	0	0	This component includes an evaporative coil for the HVAC system. It appeared to be in good condition.	The evaporative coil should be serviced twice a year. We recommend obtaining a maintenance contract with a reputable licensed heating/air conditioning company.
MECHANICAL	HVAC: CONDENSER	0404	1 @ 5 tons	12	8	4,350	4	0	0	This component includes a condenser for the HVAC system. It appeared to be in good condition.	The condenser should be serviced twice a year. We recommend obtaining a maintenance contract with a reputable licensed heating/air conditioning company.
MECHANICAL	PEDESTRIAN DOOR OPENERS	0405	2 doors	20	10	3,200	1	0	0	This component includes the automatic pedestrian door openers. They were incased and therefore inaccessible. For reporting purposes their remaining lives have been estimated.	Maintenance should include regular lubrication of all moving parts. It is suggested that a maintenance contract be obtained with a qualified specialist.
MECHANICAL	ELECTRICAL GENERATOR-OVERHAUL	0406	1 generator	10	0	2,750	4	0	0	This component includes a gas powered electric generator. Its purpose is to provide electricity in the event of a power outage. It appeared to be in average condition, however, due for overhaul. As the generator would tend to be seldom used (i.e. typically operate only in emergency situations), complete replacement would not likely be required for at least 30 years (i.e. beyond the scope of this projection). The average component cost provides for an overhaul of	The generator should be tested on at least an annual basis to ensure its operation. It is suggested that a maintenance contract be obtained with the appropriate specialist.

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										the generator on a 10-year basis.	
PLUMBING	DISTRIBUTION PIPING	0501	all	40	20	13,500	1	0	0	This component includes the copper distribution piping that provides potable water throughout the building. It appeared to be in average condition and no problems were observed. Although previously considered to be a lifetime component, copper piping has more recently been found to fail as early as 15 years after installation. This is suspected to be primarily caused by changes in the chemical makeup of potable water due to the U.S. Environmental Protection Agency's (EPA) Safe Water Drinking Act and the Lead and Copper Rule (LCR). For purposes of reporting, an approximate time frame of 40 years has been assumed for future replacement. A rough cost estimate has been provided. It is recommended that further evaluation be obtained from a licensed plumbing consultant / contractor, as well as consideration of an epoxy pipe lining system, and adjustments can be included in a future Reserve Study Update.	Little by way of maintenance is needed for the piping other than periodic examination for leaking, especially in the garage area. Any leaks should be promptly repaired upon discovery, as any wood or soil that is kept constantly moist provides ideal conditions for termites. Consideration may be given to professionally installing a water treatment system and / or an epoxy pipe lining system, which would serve to enhance the longevity of the piping.
PLUMBING	DRAINAGE/SEWER PIPING	0502	operating budget	N/A	N/A	0	0	0	0	This component addresses the sewer and drainage piping. No amount has been provided for complete replacement as the piping would typically have a life well in excess of the scope of this projection and would therefore be considered a lifetime component. It is recommended that any repair / sectional replacement be performed on an as-needed basis, and funded from the operating account.	Occasional routing should be performed to ensure that the drainage system is free flowing.
PLUMBING	CIRCULATION PUMP	0503	operating budget	N/A	N/A	0	0	0	0	This component includes a circulation pump. It appeared to be in average condition. However, it should be noted that a visual examination cannot make predictions as to future performance (i.e. even with correct maintenance, these units can fail without warning). As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Maintenance should include periodic lubrication (which can considerably extend its life expectancy).
PLUMBING	WATER HEATER	0504	operating budget	N/A	N/A	0	0	0	0	This component includes a water heater that provides hot water for the restrooms. It appeared to be in average condition; however, a visual examination cannot make predictions as to future performance (i.e. even with correct maintenance, these units can fail without warning). As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Maintenance should include periodic draining of a few gallons of water from the drain cock to relieve sediment build-up. A regular safety check-up by the local utility company (if available) or licensed plumbing contractor is also suggested.
PLUMBING	DRINKING FOUNTAIN	0505	operating budget	N/A	N/A	0	0	0	0	This component includes a chilled water drinking fountain. It appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Little by way of maintenance can be performed for this component.
ELECTRICAL	LIGHTING-EMERGENCY	0601	operating budget	N/A	N/A	0	0	0	0	This component includes the emergency light fixtures. They appeared to be in average condition and are usually desired to be replaced for appearance sake. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Maintenance would entail periodically checking the fixtures to make sure that they are secure and that the batteries are fully charged. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
ELECTRICAL	LIGHTING-EXTERIOR	0602	operating budget	N/A	N/A	0	4	0	0	This component includes the utilitarian type light fixtures at the exterior of the building. They appeared to be in average condition. It is recommended that any repair or replacements be performed on an as-needed basis, and funded from the operating account.	Maintenance would entail periodically checking the fixtures to make sure that they are secure. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
ELECTRICAL	LIGHTING-INTERIOR	0603	operating budget	N/A	N/A	0	4	0	0	This component includes the interior light fixtures of the building. They appeared to be in average condition. It is recommended that any repair or replacements be performed on an as-needed basis, and funded from the operating account.	Maintenance would entail periodically checking the fixtures to make sure that they are secure. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.
FLOORING	CARPETING	0701	300 sq yds	5	2	9,600	4	0	0	This component includes the carpeting. It appeared to be in average condition.	Maintenance should entail regular vacuum cleaning (from once weekly to as often as daily for high traffic areas). Power pile lifting is recommended at least once a month for high traffic areas. Mats are suggested to remove dirt

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											from shoes before it can be tracked onto carpeted areas (should be cleaned and rotated regularly to prevent soil build-up that may spread to the carpet). Spots and spills should be removed as soon as possible to prevent permanent staining. Deep cleaning should be performed on an as-needed basis (before soil is noticeable – usually not more than once every one or two years) and fluorochemical treatment applied immediately after. It is recommended that before applying any topical treatments, the carpet manufacturer be contacted to prevent voiding of the warranty. Damaged areas should be repaired as they can create a trip hazard resulting in association liability.
RECREATION FACILITIES	FURNISHINGS-SECURITY OFFICE	0801	1 multi area office	15	8	15,850	1	0	0	This component includes the furniture in the multi-office area. It appeared to be in average condition. The average component cost is general for the type of furnishings in use.	General cleaning should be performed on a regular basis. Wood surfaces should be cleaned with a standard furniture polish. Upholstered areas should be vacuumed periodically and cleaned as necessary with a mild soap solution or professionally steam cleaned simultaneously with carpeted areas.
RECREATION FACILITIES	RESTROOMS	0802	2 restrooms	20	10	12,850	4	0	0	This component includes the remodeling of the common area restrooms. They appeared to be in average condition.	The restrooms should be maintained in a sanitized condition.
RECREATION FACILITIES	KITCHEN	0803	1 kitchen	20	10	2,800	4	0	0	This component includes the remodeling of the kitchen. It appeared to be in average condition.	The recreation room kitchen should be maintained in a sanitized condition. Occasional cleaning and verification of operation is generally the extent of any maintenance necessary for the appliances. It is recommended that the respective operating manuals be consulted with respect to more specific types of maintenance suggested for these appliances.
RECREATION FACILITIES	BIKE RACKS	0804	4 racks	30+	30+	0	0	0	0	This component includes the metal bike racks. They appeared to be in good condition. They typically have a life expectancy well beyond the scope of this report (30 years), therefore, no funding has been provided at this time. Any necessary adjustments can be made in a future Reserve Study Update.	Little by way of maintenance can be performed for this component.
RECREATION FACILITIES	BENCHES	0805	8 benches	20	15	4,000	4	0	0	This component includes the benches. They appeared to be in good condition.	Little by way of maintenance can be performed for this component.
MISCELLANEOUS	FIRE EXTINGUISHERS	0901	operating budget	N/A	N/A	0	0	0	0	This component includes the fire extinguishers. They appeared to be in average condition. It is recommended that replacements be performed on an as-needed basis, and funded from the operating account.	The extinguishers should be inspected and re-charged by a State Fire Marshall approved company at a maximum of 1 year intervals (or as required by law).
MISCELLANEOUS	DIRECTORY BOARD	0902	operating budget	N/A	N/A	0	0	0	0	This component includes the glass faced aluminum case directory board. It appeared to be in average condition. As the average component cost would be below the component threshold of $2,500, for purposes of reporting it has been assumed that funding would be provided for in the operating budget.	Little can be performed by way of maintenance for this type of component.
CONTINGENCY RESERVE	GENERAL - 5%	1001		N/A	N/A	SEE PG 4		0		While efforts have been made to ensure a reasonable level of precision, it is seldom possible to anticipate every expense / replacement that will be incurred by an association during an operating year. Also, it is difficult to accurately predict the cost of some items that are anticipated, due to unforeseen circumstances with respect to removal/installation, replacement with a different material than originally budgeted for, economic factors, etc. Therefore it is prudent to include a contingency amount in the reserve budget. The Department of Real Estate (DRE) suggests a contingency equal to 3% of the annual budget (5% for a conversion from an apartment complex and 10% for a high-rise building over 70 feet). It is our opinion that a 5% contingency factor should be included in the reserve budget, and therefore a provision for this has been included (see Component Inventory page for dollar amount).	N/A.

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