

OAK HILLS HOMEOWNERS ASSOCIATION

Sandbur Private Drive



RESERVE STUDY

For Fiscal Year Beginning January 1, 2021

Based On Fiscal Year Ending December 31, 2020

30 Year Maintenance Funding Plan For Fiscal Year 2021 - 2050



Prepared By
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on
11/12/2020



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OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

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OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

General Association Information

This Reserve Study and Cash Flow Analysis have been prepared for the board and their members. **OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive** located in **MONTEREY COUNTY** in the city of **SALINAS, CA**. Each owner receives title to his unit, a membership in the **OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive**, and an undivided percentage interest as tenant in common in the common area on which their unit is located. The Board of Directors is accountable to the membership for the management and operation of the association. The reserve study and/or update summary and its recommended funding plan provides financial guidance which is often indispensable and shows due diligence from the board and its members.

Name of Association	OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive
Address of Association	14460 Charter Oak Blvd
City of Association	Salinas
County of Association	Monterey
Number of Units	Was 5 Units - 2021 Amended to 4 Units
Built Date	1979
Fiscal Year	January 1 - December 31
Last Reserve Study	2017
General Budget/Reserves	Shared Operating and Reserve Expenses
Reserve Study Type	Reserve Study with On-Site Inspection
Reserve Percent Funded	106%
Overall Condition	Well Maintained
Management Company	Self-Managed

The board is hereby requested to review and notify Golden Consulting Group within 30 days after the receipt of the study or update with any requested changes, errors or discrepancies within the report. Golden Consulting Group will act within 48 hours to address any requested changes, errors or discrepancies within the study or update. The reserve study or update should be reviewed and approved by the board within 45 days of the receipt of the report.

The board is cautioned to understand that the funding plan has projected the current funds on hand and has increased the contributions in accordance to the thirty (30) year cash flow analysis as required by Davis-Stirling Act. It is impossible to project thirty (30) years into the future to ascertain the cost of repair or replacement of any of the components, let alone the value of money, changing building code requirements and other unknowns. Golden Consulting Group has estimated and projected future cost of repairs and replacement of those components for the Board of Directors of the above Homeowners Association.

For more information: See Davis-Stirling.com

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Board Alterations to Study and/or Updates

Question: I'm on our board and we just completed reviewing our reserve study. There are items on the list with a life that equals or exceeds the estimated life of the buildings. We wanted them removed, but the analyst refused. Doesn't our board have the authority to remove components?

Answer: Not really. That's like asking an attorney to change his legal opinion because the board disagrees with it. Or telling a CPA to change his audit report because directors don't like what he found. A reserve specialist is a professional who prepares a report based on his own observations and calculations--it's his report to the board.

Adjustments. Accordingly, boards have no "right" to dictate changes to an independent professional's report. However, adjustments can be made to draft opinions/reports by attorneys, CPAs and reserve specialists if the adjustments are reasonable and the professional agrees. For example if something is unclear or is missing and needs to be addressed by the professional, it can be included in the final report.

Funding. Although reserve specialists establish the list of major components, the board can choose not to fund particular items if it complies with Davis-Stirling disclosure requirements, i.e., the report must disclose:

Whether the board of directors of the association has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement. (Civ. Code §5300(b)(4))

Accordingly, a reserve study could list components in the inventory and then eliminate them from funding calculations with a note that funding was removed at the board's request.

30-Year+ Life. Including components in the Study with useful life of over 30 years with no funding creates a "marker" for future inclusion in the funding plan when the life expectancy falls below 30 years. This is especially important when it comes to plumbing systems since they are hidden in walls and frequently overlooked by boards--until they fail and large special assessments are needed.

General Reserve Study Information

Per the National Reserve Study Standards:

A reserve study is made up of two parts, the physical analysis, which includes information about the physical status and replacement costs of the major common area components, and the financial analysis, which includes an analysis of the association's reserve balance income and expenses.

The physical analysis includes the component inventory, condition assessment, and life and valuation estimates. The component inventory should be relatively stable from year to year, while the condition assessment and life and valuation estimates change from year to year.

Physical Analysis

- Inventory of Components
- Condition Assessment
- Life and Valuation Estimates

The financial analysis is made up of an analysis of the client's current reserve fund status (measured in cash or as percent funded) and a recommendation for an appropriate reserve contribution rate (a funding plan).

Financial Analysis Process

- Fund Status
- Funding Plan

A general concept behind reserve funding is that owners over time will pay their fair share for the wear of the components, or at least the difference. While the State of California does not require that common interest developments maintain reserves, it does require that the association disclose to homeowners the status of the fund. This disclosure must include the amount of money expected to set aside in the reserve fund, as well as the amount of reserve money necessary, at the end of the fiscal year.

California Department of Real Estate

<http://www.bre.ca.gov>

Per California Department of Real Estate: It is recommended that a subdivision within the first year of its operation initiate the beginning of the three year requirement and have a Reserve Study performed. It is also recommended that the subsequent phases become annexed into the subdivision, the reserve study should be amended to reflect the new reserve components recently annexed. California Civil Code §5300 provides the guidelines for homeowners associations. One of the requirements in §5550 is that at least every three (3) years, a study is prepared and at least annually the Board reviews the existing budget study and makes the necessary adjustments for the upcoming fiscal/budget year.

California Civil Code §5550 & §5560: At least once every three years the board of directors shall cause to be conducted a reasonable competent and diligent visual inspection of the accessible areas of the major components which the association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the common interest development if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the association which excludes the association's reserve account for that period. **The board shall review this study annually and shall consider and implement necessary adjustments to the board's analysis of the reserve account requirements as a result of that review.**

The study required by this subdivision shall at a minimum include:

- Identification of the major components, which the association is, obligated to repair, replace, restore or maintain which, as of the date of the study, have a life of less than thirty years.
- Identification of the probable remaining useful life of the components identified in (1) as of the date of the study.
- An estimate of the cost of repair, replacement, restoration, or maintenance of the components identified in (1) during and at the end of their useful life.
- An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in (1) during the at the end of their useful life, after subtracting total reserve funds as of the date of the study.

Assessment and Reserve Funding Disclosure Summary Civil Code §5570

The association must distribute an Assessment and Reserve Funding Disclosure Summary in the form prescribed by Civil Code Section 5570. This disclosure requires more than just a description of the amount of reserves and/or the association's budget contributions. A summary of, among other things, the components being reserved for, their anticipated remaining life and how much money is currently in reserves allocated to that component must be disclosed. The summary must include notice to members that the full reserve study plan is available upon request, and the association must provide the full reserve plan to any member upon request.

Reserve Study Terms and Definitions

CAPITAL IMPROVEMENTS: Additions to the association's common elements that previously did not exist. While these components should be added to the study, the cost of construction should not be taken from the reserve fund.

CASH FLOW METHOD: A method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

COMPONENT: The individual line items in the reserve study, developed or updated in the physical analysis. These elements form the building blocks for the reserve study. These components comprise the common elements of the community and typically are: 1. association maintenance responsibility, 2. with limited useful life expectancies, 3. predictable remaining useful life expectancies, and 4. above a minimum threshold cost. It should be noted that in certain jurisdictions there may be statutory requirements for including components or groups of components in the reserve study.

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

COMPONENT METHOD: A method of developing a reserve funding plan where the total contribution is based on the sum of contributions for the individual components.

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

EFFECTIVE AGE: The difference between useful life and remaining useful life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a reserve study where the current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (funding plan) are derived, and the projected reserve income and expense over a period of time are presented. The financial analysis is one of the two parts of a reserve study.

FULLY FUNDED: 100 percent funded. When the actual (or projected) reserve balance is equal to the fully funded balance.

FULLY FUNDED BALANCE (FFB): An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life "used up" of the current repair or replacement cost. This number is calculated for each component, then summed for an association total.

FFB = Current Cost X Effective Age/Useful Life

Example: For a component with a \$10,000 current replacement cost, a 10-year useful life and effective age of 4 years the fully funded balance would be \$4,000.

FUNDING GOALS: Independent of methodology used, the following represent the basic categories of funding plan goals. They are presented in order of greatest risk to least risk.

- **Baseline Funding:** Establishing a reserve funding goal of allowing the reserve cash balance to be zero at one point in time during the cash flow projection. This is the funding goal with the greatest risk due to the variabilities encountered in the timing of component replacements and repair and replacement costs.
- **Threshold Funding:** Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold, this may be more or less conservative than "fully funding".
- **Full Funding:** Setting a reserve funding goal to attain and maintain reserves at or near 100 percent funded. This is the most conservative funding goal.

It should be noted that in certain jurisdictions there may be statutory funding requirements that would dictate the minimum requirements for funding.

FUNDING PLAN: An association's plan to provide income to a reserve fund to offset anticipated expenditures from that fund.

Reserve Study Terms and Definitions - Continue

FUNDING PRINCIPLES: The reserve provider must provide a funding plan addressing these principals.

- Sufficient funds when required
- Stable contribution rate throughout the funding plan
- Equitable contribution rate throughout the funding plan
- Fiscally responsible

LIFE AND VALUATION ESTIMATES: The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

PERCENT FUNDED: The ratio, at a particular point in time related to the fiscal year end, of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage.

While percent funded is an indicator of an association's reserve fund size, it should be viewed in the context of how it is changing due to the association's reserve funding plan in light of the associations risk tolerance.

PHYSICAL ANALYSIS: The portion of the reserve study where the component inventory, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the reserve study.

REMAINING USEFUL LIFE (RUL): Also referred to as "remaining life" (RL). The estimated time, in years, that a reserve component can be expected to serve its intended function. Projects expected to occur in the initial year have zero remaining useful life.

REPLACEMENT COST: The cost to replace, repair, or restore the component to its original functional condition during that particular year, including all related expenses (included but not limited to shipping, engineering and design, permits, installation, disposal, etc.).

RESERVE BALANCE: Actual or projected funds, as of a particular point in time that the association has identified to defray the future repair or replacement cost of those major components that the association is obligated to maintain or replace. Also known as reserves, reserve accounts, cash reserves. Based on information provided and not audited.

RESERVE PROVIDER: An individual that prepares reserve studies. In many instances the reserve provider will possess a specialized designation such as the Reserve Specialist (RS) designation provided by CAI. This designation indicates that the provider has shown the necessary skills to perform a reserve study that conforms to these standards.

RESERVE PROVIDER FIRM: A company that prepares reserve studies as one of its primary business activities.

RESERVE STUDY: A budget planning tool which identifies the components that the association is responsible to maintain or replace, the current status of the reserve fund, and a stable and equitable funding plan to offset the anticipated future major common area expenditures. The reserve study consists of two parts: the physical analysis and the financial analysis.

RESPONSIBLE CHARGE: A Reserve Specialist (RS) in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services that directly and materially affect the quality and competence rendered by the Reserve Specialist. A Reserve Specialist shall maintain such records as are reasonably necessary to establish that the Reserve Specialist exercised regular and effective supervision of a reserve study of which he or she was in responsible charge. A Reserve Specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

SPECIAL ASSESSMENT: An assessment levied on Association members in addition to regular assessments. Special assessments are often regulated by governing documents or local statutes.

SURPLUS: An actual (or projected) Reserve Balance greater than the fully-funded balance.

USEFUL LIFE (UL): The estimated time, in years, for which a Reserve Component can be expected to serve its intended function if properly constructed in its present application or installation.

Reserve Study Required Disclosures

The National Reserve Study Standards for the Reserve Study required disclosures are the following:

- **General:** Description of other involvement(s) with the association, which could result in actual or perceived conflicts of interest.
- **Physical Analysis:** Description of how thorough the on-site observations were performed: representative sampling vs. all common areas, destructive testing or not, field measurements vs. drawing take-offs, etc.
- **Personal Credentials:** State or organizational licenses or credentials carried by the individual responsible for Reserve Study preparation or oversight.
- **Completeness:** Material issues which, if not disclosed, would cause a distortion of the association's situation.
- **Reliance on Client Data:** Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues will be deemed reliable by the consultant.
- **Scope:** The Reserve Study will be a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **Reserve Balance:** The actual or projected total presented in the Reserve Study is based upon the information provided and was not audited.
- **Component Quantities:** for update reports only, disclose that the client is considered to have deemed previously developed component quantities as accurate and reliable.
- **Disclosure:** of how the work is reliant on the validity of prior Reserve Studies (Update Reports Only)
- **Reserve Projects:** Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection.

Reserve Study Required Contents

The National Reserve Study Standards for the Reserve Study required contents are the following:

- A summary of the association's number of units.
- Association physical description (legal or physical narrative).
- General Statement or opinion describing the association's current reserve fund status (good/fair/poor, adequate or inadequate)
- General statement describing the methods and objectives utilized in computing or evaluating the association's Reserve Fund Status (percent or otherwise).
- Fiscal Year (Start to End) for which the Reserve Study is prepared.
- A projection of starting reserve cash balance (as-of above start date)
- A general statement describing the development or computation of the association's starting Reserve Fund balance.
- Recommended reserve contributions.
- Projected reserve expenses.
- Projected ending reserve fund balance.
- List of the components in the Reserve Study.
- List of the components quantities or identifying descriptions.
- List of each component's Useful Life.
- List of each component's Remaining Useful Life.
- List of each component's Current Replacement Cost.
- A general statement describing the Methods (cash flow, component, etc.) and Goals Threshold Funding, Baseline Funding) of the Funding Plan, using National Standard terminology.
- Identification of the source(s) utilized to obtain component repair or replacement cost estimates.
- A clear description of which of the three Reserve Study "Level" (Full, Update, with or without On-Site Inspections) was performed.
- A clear statement of assumption used for interest and inflation (whether zero or otherwise).

METHODOLOGY

The information provided to Golden Consulting Group was obtained by an official representative of the association regarding the financial, historical, physical, quantitative or reserve projects and will be deemed reliable by Golden Consulting Group. The total of actual or projected reserves required as presented in this study is based upon the information that has been provided and was not audited.

This reserve study and/or update is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of the historical records. The on-site visual inspection is normally conducted in conjunction with the previous reserve study and should not be deemed to be an audit or quality inspection. **No destructive testing has been undertaken nor will the study address any latent defects or life expectancies which are abnormally short due to either improper design and/or installation, unless the association's board of directors has contracted with an independent consulting to examine and report the findings on specific components.**

The associations physical analysis of the inventory components included in this study has been identified by and approximate age, quantity, and type. In many cases some of the following sources are used to validate the components:

- Original DRE/BRE Budget and/or Association Reserve Updates
- Visual condition during the on-site inspection
- Original condo and/or site maps and specification
- CC&R's & Bylaws
- Association management records and experience
- Historical Data

Normally only those components which have an estimated useful life of less than 30 years will be included in the study, and the association is responsible for the maintenance (repaired, replaced, or restored) per the governing documents. Any component that should be repaired or replaced annually should be included in the operating budget. It is impossible to project thirty (30) years into the future to ascertain the cost of repair or replacement of any of the components, let alone the value of money, changing building code requirements and other unknowns. Golden Consulting Group will estimate and project the average future cost of repairs and replacement of those components for the above Association.

The visual condition of reserve components are based solely on the opinion of the reserve specialist inspector at the time of the on-site inspection of the property. It is recommended that all common area components should receive reasonable maintenance and care for their remaining life. The average life expectancy of components are based normally on industry standards and/or historical data from the association.

SAMPLE: Determining the Future Cost of Replacement Based on Straight Line (Baseline Line Funding)

Sub-Category Description Using a 2.3% Inflation Factor	Estimated Quantity Unit of Measure		Unit Cost	Replace Cost	Annual Reserve	Monthly Reserve	Accrued Reserve	Useful Life	Placed in Service Date	Remaining Life	Next Replace Date	Next Replace Cost
Asphalt - Seal & Repair	600	Sq. Ft.	0.50	\$300	\$60	\$5	\$240	5	2012	1	2017	\$335
Built Up Roof - Flat	2,500	Sq. Ft.	5.50	\$13,750	\$917	\$76	\$4,583	15	2011	10	2026	\$16771
Interior Lighting	10	Each	150	\$1,500	\$75	\$6	\$1,200	20	2000	4	2020	\$1603

$$\left[\frac{\text{CURRENT REPLACEMENT COST}}{\text{USEFUL LIFE}} \right] = \text{ANNUAL RESERVES}$$

$$\left[\frac{\text{USEFUL LIFE} - \text{REMAINING LIFE}}{\text{USEFUL LIFE}} \right] = \text{AGE OF COMPONENT}$$

$$\left[\frac{\text{AGE OF COMPONENT}}{\text{ANNUAL RESERVES}} \right] = \text{FULLY FUNDED ACCRUED AMOUNT (Desired Amount)}$$

The baseline funding strategy sets a funding goal of allowing funding of a reserve component to be "zero" at one point in time during the cash flow projection. Normally this happens when the funds are expended from the reserve account when the component is replaced and/or serviced. For example, the asphalt seal and repair cycle as shown above has a useful life of 5 years. The seal and repair cost is \$300 divided this by 5 years = \$60 per year that the association should be collecting for maintenance of the seal and repair of asphalt. The last placed in service date of the asphalt seal and repair was completed in 2012 + 5 year cycle = 2017 when the next seal and repair cycle is due. In 2016 the association should have accrued at least \$240 (\$60 x 4 years) with a next replacement date scheduled by FYE-2018. Please note that the above chart does not include the annual 2.23% annual inflation cost per year however, it is calculated in the next replacement cost. The average replacement costs of reserve components should be reviewed annually and the reserve study/update adjusted accordingly.

The **fully funding** strategy sets a funding goal of maintaining the reserves at or near 100 percent funded at all times. This is the most conservative funding goal. It should be noted that in certain jurisdictions there may be statutory funding requirements that would dictate the minimum requirements for funding.

The **threshold funding** strategy established a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold, this may be more or less conservative than "fully funding".

COMPONENT CONDITIONAL ASSESSMENT DEFINITIONS

There are certain assumptions that have been made during the compilation of this report because of certain conditions such as weather, any deferred maintenance, substandard materials used during construction or general workmanship of the component can decrease a component's useful life. Therefore, Golden Consulting Group recommends that reserve study update should be reviewed annually to make any necessary adjustments to the component and/or the reserve fund.

New	The component has been or is in the process of being replaced or repaired to like new condition.
New - Good	The component has been replaced or repaired to like new condition repaired to like new condition (usually 1-2 years old)
Good	This component is in good condition and has at least half of its life expectancy remaining.
Good - Fair	This component is in good condition and has at less than half of its life expectancy remaining.
Fair	This component is in fair condition and has minimal life expectancy left.
Fair to Poor	This component is in fair condition but is on the verge of exceeding its useful life and has minimal life expectancy left.
Poor	This component is in poor condition and has little to no life expectancy left and it is recommended for replacement.
N/A	This line item either does not have a visual condition and/or is a service.
Unknown	The working condition of this component is unknown or there may have been limited access to the component.
Varies	The condition of the components varies as some components are replaced on an as needed basis.
Annual Repair	This component is usually on an Annual Inspect & Repair as needed cycle.
Working	This component is in working condition and replacement at this time is not needed.
Good - Working	This component is in good working condition and replacement at this time is not needed.
Deferred	This component was to be scheduled for inspection, repair and/or replacement, however the Board of Directors have deferred maintenance to the component usually for 1 year.
Not Funded	This component is not funded per the board of directors.
Cycle	This component is on a scheduled maintenance cycle
Scheduled	This component is scheduled to be completed by fiscal year end and/or in progress of being completed.
Update Only	This condition is only used when a reserve annual update is prepared-components are aged based upon previous study and/or updated accordingly.

Annual Reserve Study Updates are necessary to assess the associations Reserve Fund and to disclose the associations percent funded to its members. The annual increases should be reassessed and adjusted at the time of the next reserve study.

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

Percent Funding of Reserves

The **OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive** was originally built and/or renovated in 1979 became an active Homeowner Association in 1979 . An on-site visual inspection of the common reserve components was performed on September 24, 2020 by Golden Consulting Group.

The percent funded for **OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive** is estimated at Fiscal Year End, December 31, 2020 is 106%. Golden Consulting Group has based this method of calculation by dividing the actual reserve account balance as of fiscal year end by the estimated amount required in the reserve fund at the end of the current fiscal year. Based on the enclosed current 30 Year Reserve Study Funding Plan it is estimated that the reserve account balance **SHOULD BE** sufficient at the end of each year to meet the Association's obligation for repair and/or replacement of major components during the next 30 years.

However in order to ensure the association's projected reserve expenditures the association should approve annual increases starting in fiscal year **2021** and continuing thru fiscal year **2050**. By using the enclosed 30 Year Reserve Study Funding Plan, a Special Assessment **WILL NOT** likely be necessary to fund the reserves.

In general, the **OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive** is overall in **GOOD CONDITION**. The baseline funding strategy sets a funding goal of keeping enough cash to maintain the association's reserve components always. The approximate replacement/repair costs for Association is estimated at approximately \$19,454.

Golden Consulting Group has estimated the projected average future cost of repairs and replacement of those components for the Association. The annual reserves are based on a straight- line approach: Replacement Costs divided by Life Expectancy per each component. Based upon the Golden Consulting Group's calculations the annual reserve contribution would be approximately \$3,479 a year. The estimated fully funded accrued amount or the aged components is approximately \$3,032. This is calculated Life Expectancy minus Remaining Life times (x) annual reserve contribution. The recommended annual reserve contribution for fiscal year beginning, January 1, 2021 will be decreased from \$2,016 to \$1,920 which is an overall decrease of 5% however an 11% increase to the 4 units of \$40 per unit per month (Private Drive Amended from 5 units to 4 units) with no additional increases to ensure the capital improvements/maintenance obligations of the Association.

Golden Consulting Group uses a 2.5% annual cpi inflation rate to calculate the 30 year funding maintenance plan. However, based on the inflation rates listed below the average inflation rate over the last 18 years is 2.2%.

PERCENT FUNDED	106%
Current US Inflation Rates: 2000-2019	2.50%
Estimated Interest Rate Reserve Account	0.01%
Annual Reserves Required (Based on Straight Line Funding Method)	\$3,479
Reserve Account Balance as of December 31, 2019	\$1,183
2020 Reserve Contribution (Jan-Dec)	\$2,016
2020 Average Interest Rate on Reserve Account @ .01%	\$0
2020 Reserve Expenditures (Jan-Dec)	\$0
Estimated Reserve Balance as of FYE December 31, 2020	\$3,199
Fully Funded Accrued Reserve Amount as of FYE, December 31, 2020	\$3,032
Reserve Balance - Fully Funded Balance Surplus:	\$167
Reserve Balance - Fully Funded Balance Surplus Per Unit	\$42

The estimated reserve account balance does not take into consideration any monies owed to the reserve fund and/or any delinquent accounts. The estimated reserve balance only includes actual cash on hand located in the reserve account as of December 31, 2019 and any future reserve contributions minus any anticipated reserve expenditures.

The enclosed reserve study/update is not a maintenance manual but it does provide some general guidelines regarding the association maintenance obligations. This Reserve Study is a good faith estimate from either plans prior to construction and/or completion and/or existing historical data. The association should conduct or should have conducted a reserve study after its first year of operation to adjust the reserve funding plan for any changes which may have taken place during construction. Although some components may be inspected, serviced and maintained by the Association, it's always advised to have a qualified licensed professional perform the maintenance and care of the product. If you are unsure of the maintenance, please refer to the manufactures user guide.

Showing a reserve deficit/surplus does not necessarily indicate that an association is in good or poor financial condition. The current funding plan will help eliminate the presence of surplus and/or deficit over a period of years. However, funding levels could decrease or increase each year based upon repairs and/or replacements which may be scheduled and for unforeseen replacements, in which annual reserve updates are necessary to account for the changes and/or adjustments.

The enclosed reserve study/update should act as a long-term budgeting tool that evaluates the current financial status and helps develop a maintenance plan for future spending due to the aging and deterioration of the association's reserve components.

During an on-site visual inspection of the reserve components, Golden Consulting Group will visually examined both the both physical appearance and working condition of the component(s). Normally only those components which have an estimated useful life of less than 30 years will be included in the study, in which the Association would be responsible for the maintenance (repaired, replaced, or service).

Any component that is scheduled to be repaired or replaced annually should be included in the operating budget unless the Board of Directors specifies otherwise. This reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of the historical records. No destructive testing has been undertaken nor will the study address any latent defects or life expectancies which are abnormally short due to either improper design and/or installation, unless the Association or members has contracted with an independent consulting to examine and report the findings on specific components. The reserve study is solely based upon the visual condition, maintenance, service and/or the replacement of the reserve components rather than the reconstruction, renovation, or remodeling of the component(s). It is impossible to project thirty (30) years into the future to ascertain the cost of repair or replacement of any of the components, let alone the value of money, changing building code requirements and other unknowns. It's always recommended and advised to have a qualified licensed professional perform the maintenance and care of the components. If you are unsure of the maintenance of a specific reserve component, please refer to the manufacturer guide.

Per Civil Code §5300(b)(4)) The board of directors of the association must disclose if they determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.

For Fiscal Year Ending 2020: The board HAS NOT chosen to defer maintenance and/or replacement of the anticipated reserve expenditures. (see study for more information)

The Anticipated Reserve Expenditures were as follows for Fiscal Year: 2020

Repayment of Loan of \$2,160

Maintenance will only be deferred 1 Year unless the Board of Directors specifies otherwise.

It is our recommendation that all anticipated reserve expenditures scheduled for fiscal year 2021 be inspected, repaired or replaced as indicated by a professional. Fully funded reserve components are components that have reached its useful life and/or exceeded its average life expectancy. The board should inspect and review each component before approving deferment, replacement and/or repair of the reserve components.

The Anticipated Reserve Expenditures are as follows for Fiscal Year: 2021

Loan Repayment \$2,592

Anticipated Reserve Expenditure Total For FYE: 2021 \$2,592

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

Assessment and Reserve Funding Disclosure Summary

Based On Fiscal Year Ending December 31, 2020

Civil Code §5570

California Civil Code Section §5570 requires that this Assessment and Reserve Funding Disclosure Summary be prepared pursuant to section §5570, shall accompany each annual budget report or summary of the annual budget report that is delivered pursuant to California Civil Code section 5300.

1. The Regular Monthly Assessment for Fiscal Year Beginning January 1, 2021 \$0.00 Per Month

The Operating Assessment Per Unit Per Month is \$0.00 Per Month

The Reserve Assessment Per Unit Per Month is \$40.00 Per Month

The Monthly Variable Assessment is as follows:

Unit Number	Monthly Assessment

Unit Number	Monthly Assessment

Unit Number	Monthly Assessment

2. Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date Assessment is Due	Amount per unit per month	Purpose

3. Based upon the most recent reserve study and other information available to the Board of Directors, will currently projected reserve account balances be sufficient at the end of each year to meet the Association's obligation for repair and/or replacement of major components during the next 30 years?

Yes ☒ No

4. If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members.

Approximate date assessment will be due:	Amount per unit:

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

Yes ☒ No

Major Components:	Useful remaining life in years:	Reason this major component was not included:

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

Assessment and Reserve Funding Disclosure Summary

Based On Fiscal Year Ending December 31, 2020

Civil Code §5570

6. Based on the method of calculation in (4) of subdivision (b) of Section §5570, the estimated amount required in the reserve fund at the end of the current fiscal year is: \$3,032 based in whole or in part on the last reserve study or update prepared by Golden Consulting Group as of October 2020. The projected reserve fund cash balance is \$3,199 resulting in the reserves being 106% at this date.

7. Based on the method of calculation in (4) of subdivision (b) of Section §5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, leaving the reserves percent funding at the following:

FYE	Projected Contribution	Projected Cash Balance	Estimated Required	Percent Funded
2021	\$1,920	\$2,528	\$6,511	39%
2022	\$1,920	\$1,337	\$8,115	16%
2023	\$1,920	\$1,075	\$6,182	17%
2024	\$1,920	\$2,995	\$4,945	61%
2025	\$1,920	\$2,779	\$5,854	47%

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before tax estimated interest rate earned on reserve funds is 0.01% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.50% per year.

FUNDING DISCLOSURE SUMMARY

[Civil Code §5300(e)]

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

1. "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.
2. "Major component" has the meaning used in section 55530. Components with an estimated remaining useful life of more than thirty (30) years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure.
3. The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to section §5300 this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.
4. For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

Due to factors beyond the control of the Directors, including but not limited to the rate of inflation, the rate at which the major components actually deteriorate, unanticipated damage to the major components, fluctuations in material and labor costs and changes in building codes and regulations, the accuracy of the information set forth above is not, and cannot be, guaranteed. Depending upon the accuracy of the present and future assumptions used in providing the information and conclusions set forth in said may not be correct. Therefore, any person reviewing this Assessment and Reserve Funding Disclosure Summary should not, without conducting their own independent investigation and analysis, rely upon the accuracy of the information.

The information in the Assessment and Reserve Funding Disclosure Summary is deemed reliable as of the date of the disclosure, but is not guaranteed. Golden Consulting Group has obtained information, documentation, and materials from the Association and/or agent and this disclosure summary is based upon the accuracy of such information. The Association, by accepting this disclosure summary, agrees to release Golden Consulting Group from any claims, demands or damages and further agrees to indemnify, defend and hold harmless Golden Consulting Group from and against any and all liability, damages, losses, claims, demands, or lawsuits arising out of or relating to this disclosure.

Current US Inflation Rates: 2009-2019

published: <http://www.usinflationcalculator.com/inflation/current-inflation-rates/>

The annual inflation rate for the United States is 1.8% for the 12 months ended October 2019, compared to 1.7% previously, according to U.S. Labor Department data published November 13, 2019. The next inflation update is scheduled for release on December 11, 2019 at 8:30 a.m. ET. It will offer the rate of inflation over the 12 months ended November 2019.

The Consumer Price Indexes (CPI) program produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.

Inflation has been defined as a process of continuously rising prices or equivalently, of a continuously falling value of money. The current inflation rate for the United States is published monthly by the U.S. Labor Department.

The chart and table below display annual US inflation rates for calendar years from 2000 and 2009 to 2019. (For prior years, see historical inflation rates.) If you would like to calculate accumulated rates between two different dates, use the US Inflation Calculator.

Table of Inflation Rates (%) by Month and Year (2000-2019)

Since figures below are 12-month periods, look to the December column to find inflation rates by calendar year. For example, the rate of inflation in 2018 was 1.9%.

Golden Consulting Group uses a 2.5% annual cpi inflation rate to calculate the 30 year funding maintenance plan. However, based on the inflation rates listed below the average inflation rate over the last 18 years is 2.2%.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave
2019	1.6	1.5	1.9	2.0	1.8	1.6	1.8	1.7	1.7	1.8	2.2	2.1	1.8
2018	2.1	2.2	2.4	2.5	2.8	2.9	2.9	2.7	2.3	2.5	2.2	1.9	2.4
2017	2.5	2.7	2.4	2.2	1.9	1.6	1.7	1.9	2.2	2.0	2.2	2.1	2.1
2016	1.4	1.0	0.9	1.1	1.0	1.0	0.8	1.1	1.5	1.6	1.7	2.1	1.3
2015	-0.1	0.0	-0.1	-0.2	0.0	0.1	0.2	0.2	0.0	0.2	0.5	0.7	0.1
2014	1.6	1.1	1.5	2.0	2.1	2.1	2.0	1.7	1.7	1.7	1.3	0.8	1.6
2013	1.6	2.0	1.5	1.1	1.4	1.8	2.0	1.5	1.2	1.0	1.2	1.5	1.5
2012	2.9	2.9	2.7	2.3	1.7	1.7	1.4	1.7	2.0	2.2	1.8	1.7	2.1
2011	1.6	2.1	2.7	3.2	3.6	3.6	3.6	3.8	3.9	3.5	3.4	3.0	3.2
2010	2.6	2.1	2.3	2.2	2.0	1.1	1.2	1.1	1.1	1.2	1.1	1.5	1.6
2009	0.0	0.2	-0.4	-0.7	-1.3	-1.4	-2.1	-1.5	-1.3	-0.2	1.8	2.7	-0.4
2008	4.3	4.0	4.0	3.9	4.2	5.0	5.6	5.4	4.9	3.7	1.1	0.1	3.8
2007	2.1	2.4	2.8	2.6	2.7	2.7	2.4	2.0	2.8	3.5	4.3	4.1	2.8
2006	4.0	3.6	3.4	3.5	4.2	4.3	4.1	3.8	2.1	1.3	2.0	2.5	3.2
2005	3.0	3.0	3.1	3.5	2.8	2.5	3.2	3.6	4.7	4.3	3.5	3.4	3.4
2004	1.9	1.7	1.7	2.3	3.1	3.3	3.0	2.7	2.5	3.2	3.5	3.3	2.7
2003	2.6	3.0	3.0	2.2	2.1	2.1	2.1	2.2	2.3	2.0	1.8	1.9	2.3
2002	1.1	1.1	1.5	1.6	1.2	1.1	1.5	1.8	1.5	2.0	2.2	2.4	1.6
2001	3.7	3.5	2.9	3.3	3.6	3.2	2.7	2.7	2.6	2.1	1.9	1.6	2.8
2000	2.7	3.2	3.8	3.1	3.2	3.7	3.7	3.4	3.5	3.4	3.4	3.4	3.4

20 Year Average: **2.2**

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

30-YEAR MAINTENANCE & FUNDING RESERVE WORKSHEET

For Fiscal Year Beginning January 1, 2021

Based on Fiscal Year Ending December 31, 2020

*2020 CC&R's 5 Units - 2021: Filing Amended CC&R's to 4 Units

Reserve Study Type:	Reserve Study with On-Site Inspection	Annual Reserves Required (Based on Straight Line Funding Method)	\$3,479
Fiscal Year	January 1 - December 31	Estimated Reserve Balance as of FYE, December 31, 2020	\$3,199
Built Date:	1979	Fully Funded Accrued Reserve Amount for Aged Components	\$3,032
Number Of Units	4	Reserve Balance - Fully Funded Balance Surplus:	\$167
Current US Inflation Rates: 2000-2019	2.5%	Reserve Balance - Fully Funded Balance Surplus Per Unit	\$42
2020 Annual Reserve Contribution	\$2,016	PERCENT FUNDED	106%
Reserve Account Balance as of December 31, 2019	\$1,183	RECOMMENDED 4 UNITS	
2020 Reserve Contribution (Jan-Dec)	\$2,016	2021 Annual Reserve Contribution	\$1,920
2020 Average Interest Rate on Reserve Account @ .01%	\$0.32	2021 Monthly Reserve Contribution	\$160
2020 Reserve Expenditures (Jan-Dec)	\$0.00	2021 Monthly Reserve Contribution Per Unit	40
Estimated Reserve Balance as of FYE, December 31, 2019	\$3,199	2021 Annual Reserve Contribution (Increase/Decrease)	-5%

30 YEAR FINANCIAL RESERVE FUNDING

Fiscal Year Ending 31-Dec	Reserve Contribution	Projected Per Unit Per Month	Anticipated Reserve Expenditures	Estimated Interest 0.01%	Estimated Reserve Account Balance @ FYE	Estimated Fully Funded Balance	Estimated Reserve % Funded
2021	\$1,920	40.00	\$2,592	\$0	\$2,528	\$6,511	39%
2022	\$1,920	40.00	\$3,110	\$0	\$1,337	\$8,115	16%
2023	\$1,920	40.00	\$2,182	\$0	\$1,075	\$6,182	17%
2024	\$1,920	40.00	\$0	\$0	\$2,995	\$4,945	61%
2025	\$1,920	40.00	\$2,137	\$0	\$2,779	\$5,854	47%
2026	\$1,920	40.00	\$0	\$0	\$4,699	\$4,779	98%
2027	\$1,920	40.00	\$0	\$1	\$6,620	\$5,688	116%
2028	\$1,920	40.00	\$2,087	\$1	\$6,453	\$6,597	98%
2029	\$1,920	40.00	\$0	\$1	\$8,374	\$5,707	147%
2030	\$1,920	40.00	\$0	\$1	\$10,295	\$6,616	156%
2031	\$1,920	40.00	\$0	\$1	\$12,216	\$7,525	162%
2032	\$1,920	40.00	\$0	\$1	\$14,137	\$8,434	168%
2033	\$1,920	40.00	\$2,362	\$1	\$13,697	\$9,343	147%
2034	\$1,920	40.00	\$0	\$2	\$15,619	\$8,453	185%
2035	\$1,920	40.00	\$0	\$2	\$17,541	\$9,362	187%
2036	\$1,920	40.00	\$0	\$2	\$19,462	\$10,271	189%
2037	\$1,920	40.00	\$0	\$2	\$21,385	\$11,180	191%
2038	\$1,920	40.00	\$2,672	\$2	\$20,635	\$12,089	171%
2039	\$1,920	40.00	\$0	\$2	\$22,557	\$11,199	201%
2040	\$1,920	40.00	\$0	\$2	\$24,479	\$12,108	202%
2041	\$1,920	40.00	\$0	\$3	\$26,402	\$13,017	203%
2042	\$1,920	40.00	\$0	\$3	\$28,325	\$13,926	203%
2043	\$1,920	40.00	\$3,023	\$3	\$27,225	\$14,835	184%
2044	\$1,920	40.00	\$0	\$3	\$29,147	\$13,945	209%
2045	\$1,920	40.00	\$3,502	\$3	\$27,569	\$14,854	186%
2046	\$1,920	40.00	\$0	\$3	\$29,491	\$13,778	214%
2047	\$1,920	40.00	\$0	\$3	\$31,415	\$14,688	214%
2048	\$1,920	40.00	\$25,653	\$1	\$7,683	\$15,597	49%
2049	\$1,920	40.00	\$0	\$1	\$9,604	\$1,207	796%
2050	\$1,920	40.00	\$0	\$1	\$11,525	\$2,116	545%

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

MAJOR COMPONENT LIFE ANALYSIS & MAINTENANCE PLAN

Sub-Category Description	Useful Life	Placed in Service Date	Remaining Life	Next Replace Date	Visual Condition
Asphalt (Replace, Resurface, Overlay)	30	May/June 2018	28	2048	Good
Asphalt Seal & Repair	5	May/June 2018	3	2023	Good-Fair
Concrete Drive Approach	20	Unknown	5	2025	Fair
Loan Repayment	1	2020	1	2021	N/A

Major Component	Asphalt Replace Resurface, Overlay	Asphalt Seal & Repair	Concrete Drive Approach	Loan Repayment			
Quantity	2,195	2,195	176	1			
Unit of Measure	Sq. Ft.	Sq. Ft.	Sq. Ft.	Fund			
Unit Cost	\$6.00	\$0.80	\$11.00	\$2,592			
Replacement Cost	\$13,170	\$1,756	\$1,936	\$2,592			
Useful Life	30	5	20	1			
Remaining Life	28	3	5	1			
Annual Reserves	\$439	\$351	\$97	\$2,592			
Accrued Reserves	\$878	\$702	\$1,452	\$0			
Next Disbursement	2048	2023	2025	2021			
2021	-	-	-	\$2,592			
2022	-	-	-	\$3,110			
2023	-	\$1,845	-	\$338			
2024	-	-	-				
2025	-	-	\$2,137				
2026	-	-	-				
2027	-	-	-				
2028	-	\$2,087	-				
2029	-	-	-				
2030	-	-	-				
2031	-	-	-				
2032	-	-	-				
2033	-	\$2,362	-				
2034	-	-	-				
2035	-	-	-				
2036	-	-	-				
2037	-	-	-				
2038	-	\$2,672	-				
2039	-	-	-				
2040	-	-	-				
2041	-	-	-				
2042	-	-	-				
2043	-	\$3,023	-				
2044	-	-	-				
2045	-	-	\$3,502				
2046	-	-	-				
2047	-	-	-				
2048	\$25,653	Overlay/Resurface	-				
2049	-	-	-				
2050	-	-	-				

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

PHYSICAL AND FINANCIAL ANALYSIS WORKSHEET

Based on Fiscal Year Ending, December 31, 2020 for Fiscal Year Beginning January 1, 2021

Fiscal Year: **January 1 - December 31**
 Study Type: **Reserve Study with On-Site Inspection**
 Overall Condition: **Well Maintained**
 Management Company: **Self-Managed**
 Number of Units: **4**

Association Address 14460 Charter Oak Blvd
 Salinas CA
 Monterey County

Built Date: 1979 Active Date: 1979 Last Study Prepared: 2017 Age: 41

***2020 CC&R's 5 Units - 2021: Filing Amended CC&R's to 4 Units**

Estimated Replacement Cost	\$19,454
Annual Reserves (Based on Straight Line)	\$3,479
Monthly Reserves (Based on Straight Line)	\$290
Monthly Reserves Per Unit (Based on Straight Line)	\$72
Fully Funded Accrued Reserve Amount for Aged Components	\$3,032
Reserve Account Balance as of December 31, 2019	\$1,183
2020 Reserve Contribution (Jan-Dec)	\$2,016
2020 Average Interest Rate on Reserve Account @ .01%	\$0
2020 Reserve Expenditures (Jan-Dec)	\$0
Projected Reserve Account Balance	\$3,199
Percent Funded	106%

Estimated Total Replacement Costs of Reserve Components

Annual reserves funds based on straight line full-funding method (replacement cost divided by life expectancy)

Monthly Reserve based on straight line (Annual reserves divided 12 months)

Monthly Reserve Per Unit based on straight line (Monthly reserves divided units)

Fully Funded Accrued Reserve Amount as of FYE, December 31, 2020

Reserve Account Balance as of December 31, 2019

2020 Reserve Contribution \$2,016 Year \$168 Month 8 months @ \$36 - 5 units

2020 Average Interest Rate on Reserve Account 0.01% 4 months @ \$36 - 4 units

2020 Reserve Expenditures (Jan-Dec)

Estimated Reserve Balance as of FYE, December 31, 2020

Percent Funded as of FYE, December 31, 2020

Based on Straight Line is Calculated by the following:

Based on Straight Line = Replacement Cost divided by Average Life Expectancy = Annual Reserve Contribution Accrued Reserve = Average Life minus Remaining Life x Annual Reserve Contribution

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

Per National Reserve Study Requirements: The below table will show a list of the reserve components, quantities or identifying descriptions, useful or average life, remaining useful life, and the average current replacement cost.

All annual reserve updates will have a 2.5% annual increase added to the unit or replacement cost which has based on previous study/update replacement cost and any annual adjustments if applicable.

Average or Useful Life Expectancy is based on an average life of a component.

Many components can exceed their life expectancy if maintained regular such as inspecting annually, repairing when needed, regular painting and sealing cycles.

Next Replacement Date may be calculated by the following:

Current Year (2020) + Estimated Remaining Life (depends on adjustments) OR Last Known Placed In Service Date + Average Life Expectancy

No	Category	Sub-Category Description	Estimated Quantity Unit of Measure	Unit Cost	Replace Cost	Annual Reserve Amount	Monthly Reserve Amount	Fully Funded Amount	Useful Life	Placed in Service Date	Remaining Life	Next Replace Date
1	Pavement	Asphalt (Replace, Resurface, Overlay)	2,195 Sq. Ft.	6.00	\$13,170	\$439	\$37	\$878	30	May/June 2018	28	2048
2	Pavement	Asphalt Seal & Repair	2,195 Sq. Ft.	0.80	\$1,756	\$351	\$29	\$702	5	May/June 2018	3	2023
3	Pavement	Concrete Drive Approach	176 Sq. Ft.	11.00	\$1,936	\$97	\$8	\$1,452	20	Unknown	5	2025
4	Other	Loan Repayment	1 Fund	2,592	\$2,592	\$2,592	\$216	\$0	1	2020	1	2021

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

VISUAL ANALYSIS AND/OR COMMENTARY WORKSHEET

The visual condition of reserve components are based solely on the opinion of the reserve specialist inspector at the time of the on-site inspection of the property. It is recommended that all common area components should receive reasonable maintenance and care for their remaining life. The average useful life expectancy of components are based normally on industry standards and/or historical data from the association.

There are certain assumptions that have been made during the compilation of this report because of certain conditions such as weather, any deferred maintenance, substandard materials used during the construction or general workmanship of the component can decrease a component's useful life. Therefore, Golden Consulting Group recommends that reserve study update should be reviewed annually to make any necessary adjustments to the component and/or the reserve fund.

Next Replacement Date may be calculated by the following:

Current Year (2020) + Estimated Remaining Life (depends on adjustments) OR Last Known Placed In Service Date + Average Life Expectancy

No.	Sub-Category Description	Estimated Quantity Unit of Measure	Replace Cost	Useful Life	Placed in Service Date	Remaining Life	Next Replace Date	Visual Condition	COMMENTS/NOTES
1	Asphalt (Replace, Resurface, Overlay)	2,195 Sq. Ft.	\$13,170	30	May/June 2018	28	2048	Good	2020: The cost to Replace, Resurface, and/or Overlay averages about the same. As it depends how the members want to "extend" the useful life of asphalt. The asphalt is in good condition / next seal & repair 2023. 2018: It is noted that approx 1592 sq. ft. (upper) was removed and replaced and approx 603 sq. ft (lower) was sealed both was completed @ \$18,476. 2017: The board has agreed to not fund for the replacement/overlay of the private drives The private drive which is located within Sandbur and the private road is shared solely by the 5 units. It is noted that the asphalt resurface was completed in Sept 2010 for \$7,750
2	Asphalt Seal & Repair	2,195 Sq. Ft.	\$1,756	5	May/June 2018	3	2023	Good-Fair	2020-2018: The Upper road was replaced in 2018 therefore the next seal coat would be in 2023 2017: Asphalt on Sandbur Place Private Drive is in fair to poor condition with some cracks observed. Adj UL to 10 with 3 Years Remaining 2016: Deferred 1 Year - Per Board not needed at this time. 2015-Deferred one year, in working condition. It is noted that the asphalt resurface was completed in Sept 2010 for \$7,750. It is recommended that the asphalt be sealed at least once every 5 to 7 years.
3	Concrete Drive Approach	176 Sq. Ft.	\$1,936	20	Unknown	5	2025	Fair	2020: Adjusted the UL to 20 with a RL to replace in 2025 2017: The concrete drive approach is in good to fair condition with some cracks observed. Adj UL to 10 with 3 Years Remaining 2016: Deferred 1 Year - Per Board not needed at this time. 2015-Deferred one year, in working condition. The only concrete drive approach is the areas which are common only. All concrete walks located in front of a unit is the maintenance responsibility of the unit owner. Inspect and Repair all trip hazards
4	Loan Repayment	1 Fund	\$2,592	1	2020	1	2021	N/A	2020: Repayment \$2,160 / 2020 - Schedule \$2592 for 2021. 2019: Loan Repayment-Borrowed \$10,000 from Oak Hills Master Reserve Fund. Repayment as Follows: 2020-\$2,160; 2021-\$2,592; 2022-\$3110.40, and final payment 2023- \$337.60

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive
ASSESSMENT ANALYSIS BY CATEGORY

Estimated Replacement Cost	\$19,454	Units	4
Annual Reserves (Based on Straight Line)	\$3,479	Annual Reserves Required (Based on Straight Line Funding Method)	
Monthly Reserves (Based on Straight Line)	\$290	Monthly Reserve based on straight line (Annual reserves divided 12 months)	
Monthly Reserves Per Unit (Based on Straight Line)	\$72	Monthly Reserve Per Unit based on straight line (Monthly reserves divided units)	
Fully Funded Accrued Reserve Amount as of FYE, December 31, 2020	\$3,032	Fully Funded Accrued Reserve Amount as of FYE, December 31, 2020	
Estimated Reserve Balance as of FYE, December 31, 2020	\$3,199	Estimated Reserve Balance as of FYE, December 31, 2020	
Percent Funded as of FYE, December 31, 2020	106%	Percent Funded as of FYE, December 31, 2020	

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

Component/Maintenance		Replace Cost	Annual Reserve	Monthly Reserve	Fully Funded Amount	Average Life Expectancy	Estimated Remaining Life	Next Replace Date
TOTAL		\$19,454	\$3,479	\$290	\$3,032			
Pavement	Asphalt (Replace, Resurface, Overlay)	\$13,170	\$439	\$37	\$878	30	28	2048
	Asphalt Seal & Repair	\$1,756	\$351	\$29	\$702	5	3	2023
	Concrete Drive Approach	\$1,936	\$97	\$8	\$1,452	20	5	2025
Pavement Total		\$16,862	\$887	\$74	\$3,032			
Other	Loan Repayment	\$2,592	\$2,592	\$216	\$0	1	1	2021
Other Total		\$2,592	\$2,592	\$216	\$0			
Grand Total		\$19,454	\$3,479	\$290	\$3,032			

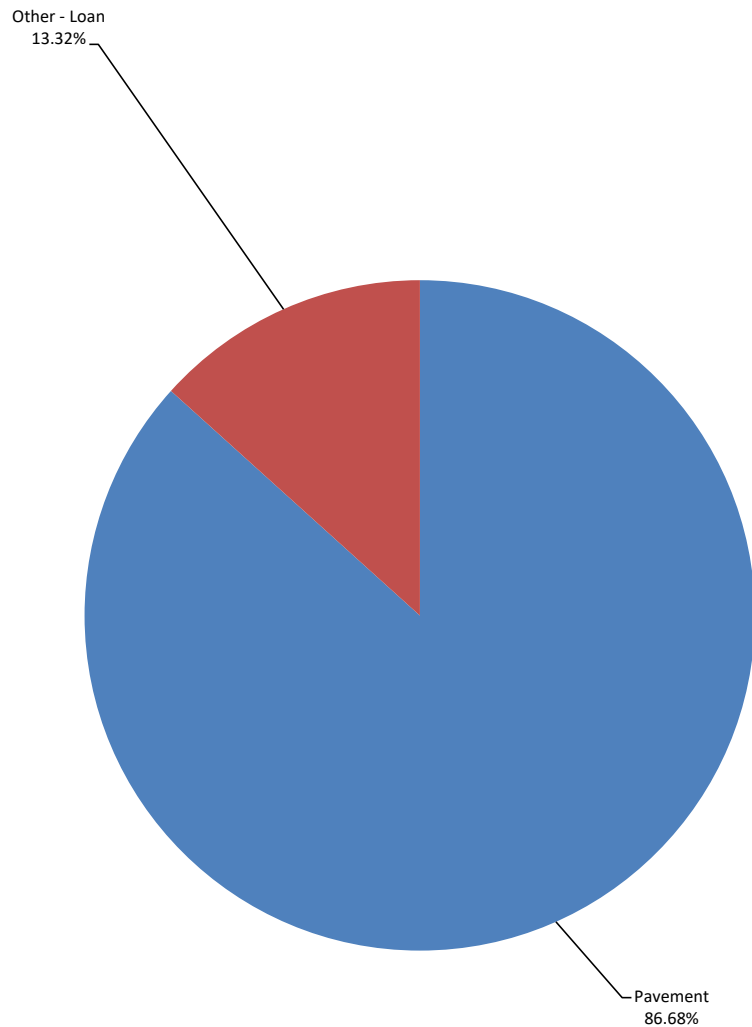
OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

PHYSICAL ANALYSIS BY CATEGORY SUMMARY

For Fiscal Year Beginning January 1, 2021

						5 Units	4 Units
						2020	2021
Annual Reserve Contribution						\$2,016	\$1,920
Description	Replacement Cost	Annual Reserve	Monthly Reserve	Fully Funded Amount	% Based on Assessment	Monthly Assessment Per Unit	Monthly Assessment Per Unit
TOTAL	\$19,454	\$3,479	\$290	\$3,032	100%	\$33.60	\$40.00
Pavement	\$16,862	\$887	\$74	\$3,032	25.50%	\$8.57	\$10.20
Other - Loan	\$2,592	\$2,592	\$216	\$0	74.50%	\$25.03	\$29.80

Percentage Based on Replacement Cost



OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

ANTICIPATED RESERVE EXPENDITURES BY YEAR

Current US Inflation Rates: 2000-2019

2.50%

Per Civil Code §5300(b)(4)) The board of directors of the association must disclose if they determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.

It is our recommendation that all anticipated reserve expenditures to be completed by fiscal year ending be inspected, repaired and/or replaced as indicated by a professional before the board or managing agent approves deferment. The anticipated reserve expenditures by fiscal year ending are components that should be fully funded components and have reached its useful life or have exceeded its average life expectancy.

Anticipated Reserve Expenditures By Fiscal Year Ending

2021		2022	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$2,592	Total	\$3,110
Loan Repayment	\$2,592	Loan Repayment	\$3,110

Anticipated Reserve Expenditures By Fiscal Year Ending

2021	
Component/Maintenance	Replace Cost
Total	\$2,592

2022	
Component/Maintenance	Replace Cost
Total	\$3,110

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

ANTICIPATED RESERVE EXPENDITURES BY YEAR

Current US Inflation Rates: 2000-2019

2.50%

Per Civil Code §5300(b)(4)) The board of directors of the association must disclose if they determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.

It is our recommendation that all anticipated reserve expenditures to be completed by fiscal year ending be inspected, repaired and/or replaced as indicated by a professional before the board or managing agent approves deferment. The anticipated reserve expenditures by fiscal year ending are components that should be fully funded components and have reached its useful life or have exceeded its average life expectancy.

Anticipated Reserve Expenditures By Fiscal Year Ending

2023		2024	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$2,182	Total	\$0
Asphalt Seal & Repair	\$1,845		
Loan Repayment	\$338		

Anticipated Reserve Expenditures By Fiscal Year Ending

2023		2024	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$2,182	Total	\$0

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

ANTICIPATED RESERVE EXPENDITURES BY YEAR

Current US Inflation Rates: 2000-2019

2.50%

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Anticipated Reserve Expenditures By Fiscal Year Ending

2025		2026	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$2,137	Total	\$0
Concrete Drive Approach	\$2,137		

Anticipated Reserve Expenditures By Fiscal Year Ending

2025		2026	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$2,137	Total	\$0

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

ANTICIPATED RESERVE EXPENDITURES BY YEAR

Current US Inflation Rates: 2000-2019

2.50%

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Anticipated Reserve Expenditures By Fiscal Year Ending

2027		2028	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$0	Total	\$2,087
		Asphalt Seal & Repair	\$2,087

Anticipated Reserve Expenditures By Fiscal Year Ending

2027		2028	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$0	Total	\$2,087

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

ANTICIPATED RESERVE EXPENDITURES BY YEAR

Current US Inflation Rates: 2000-2019

2.50%

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Anticipated Reserve Expenditures By Fiscal Year Ending

2029		2030	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$0	Total	\$0

Anticipated Reserve Expenditures By Fiscal Year Ending

2029	
Component/Maintenance	Replace Cost
Total	\$0

2030	
Component/Maintenance	Replace Cost
Total	\$0

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

ANTICIPATED RESERVE EXPENDITURES BY YEAR

Current US Inflation Rates: 2000-2019

2.50%

Per Civil Code §5300(b)(4)) The board of directors of the association must disclose if they determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.

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Anticipated Reserve Expenditures By Fiscal Year Ending

2031		2032	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$0	Total	\$0

Anticipated Reserve Expenditures By Fiscal Year Ending

2031	
Component/Maintenance	Replace Cost
Total	\$0

2032	
Component/Maintenance	Replace Cost
Total	\$0

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

ANTICIPATED RESERVE EXPENDITURES BY YEAR

Current US Inflation Rates: 2000-2019

2.50%

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Anticipated Reserve Expenditures By Fiscal Year Ending

2033		2034	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$2,362	Total	\$0
Asphalt Seal & Repair	\$2,362		

Anticipated Reserve Expenditures By Fiscal Year Ending

2033	
Component/Maintenance	Replace Cost
Total	\$2,362

2034	
Component/Maintenance	Replace Cost
Total	\$0

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

ANTICIPATED RESERVE EXPENDITURES BY YEAR

Current US Inflation Rates: 2000-2019

2.50%

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Anticipated Reserve Expenditures By Fiscal Year Ending

2035		2036	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$0	Total	\$0

Anticipated Reserve Expenditures By Fiscal Year Ending

2035	
Component/Maintenance	Replace Cost
Total	\$0

2036	
Component/Maintenance	Replace Cost
Total	\$0

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

ANTICIPATED RESERVE EXPENDITURES BY YEAR

Current US Inflation Rates: 2000-2019

2.50%

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Anticipated Reserve Expenditures By Fiscal Year Ending

2037		2038	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$0	Total	\$2,672
		Asphalt Seal & Repair	\$2,672

Anticipated Reserve Expenditures By Fiscal Year Ending

2037		2038	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$0	Total	\$2,672

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

ANTICIPATED RESERVE EXPENDITURES BY YEAR

Current US Inflation Rates: 2000-2019

2.50%

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Anticipated Reserve Expenditures By Fiscal Year Ending

2039		2040	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$0	Total	\$0

Anticipated Reserve Expenditures By Fiscal Year Ending

2039	
Component/Maintenance	Replace Cost
Total	\$0

2040	
Component/Maintenance	Replace Cost
Total	\$0

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

ANTICIPATED RESERVE EXPENDITURES BY YEAR

Current US Inflation Rates: 2000-2019

2.50%

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Anticipated Reserve Expenditures By Fiscal Year Ending

2041		2042	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$0	Total	\$0

Anticipated Reserve Expenditures By Fiscal Year Ending

2041	
Component/Maintenance	Replace Cost
Total	\$0

2042	
Component/Maintenance	Replace Cost
Total	\$0

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

ANTICIPATED RESERVE EXPENDITURES BY YEAR

Current US Inflation Rates: 2000-2019

2.50%

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Anticipated Reserve Expenditures By Fiscal Year Ending

2043		2044	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$3,023	Total	\$0
Asphalt Seal & Repair	\$3,023		

Anticipated Reserve Expenditures By Fiscal Year Ending

2043	
Component/Maintenance	Replace Cost
Total	\$3,023

2044	
Component/Maintenance	Replace Cost
Total	\$0

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

ANTICIPATED RESERVE EXPENDITURES BY YEAR

Current US Inflation Rates: 2000-2019

2.50%

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Anticipated Reserve Expenditures By Fiscal Year Ending

2045		2046	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$3,502	Total	\$0
Concrete Drive Approach	\$3,502		

Anticipated Reserve Expenditures By Fiscal Year Ending

2045	
Component/Maintenance	Replace Cost
Total	\$3,502

2046	
Component/Maintenance	Replace Cost
Total	\$0

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

ANTICIPATED RESERVE EXPENDITURES BY YEAR

Current US Inflation Rates: 2000-2019

2.50%

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Anticipated Reserve Expenditures By Fiscal Year Ending

2047		2048	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$0	Total	\$25,653
		Asphalt (Replace, Resurface, Overlay	\$25,653

Anticipated Reserve Expenditures By Fiscal Year Ending

2047	
Component/Maintenance	Replace Cost
Total	\$0

2048	
Component/Maintenance	Replace Cost
Total	\$25,653

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

ANTICIPATED RESERVE EXPENDITURES BY YEAR

Current US Inflation Rates: 2000-2019

2.50%

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Anticipated Reserve Expenditures By Fiscal Year Ending

2049		2050	
Component/Maintenance	Replace Cost	Component/Maintenance	Replace Cost
Total	\$0	Total	\$0

Anticipated Reserve Expenditures By Fiscal Year Ending

2049	
Component/Maintenance	Replace Cost
Total	\$0

2050	
Component/Maintenance	Replace Cost
Total	\$0

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur

Major Component Detail

Visual Condition @ On-Site Inspection

It has been requested that the association disclose all inspection reports, reserve maintenance and/or replacement costs of the reserve components as this information maybe vital to the associations reserve study. It is impossible to project thirty (30) years into the future to ascertain the cost of repair or replacement of any of the components, let alone the value of money, changing building code requirements and other unknowns. Golden Consulting Group has estimated and projected future cost of repairs and replacement of those components for the Board of Directors of the above Homeowners Association.

There are certain assumptions that have been made during the compilation of this report because of certain conditions such as weather, any deferred maintenance, substandard materials used during construction or general workmanship of the component can decrease a component's useful life. Therefore, Golden Consulting Group recommends that reserve study update should be reviewed annually to make any necessary adjustments to the component and/or the reserve fund.

This general maintenance section is for the sole use of the Owners Association and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. The information contained in this study may be deemed reliable as Golden Consulting Group has obtained information, documentation, and materials from the Board, Managing Members and/or Agents and have been based upon the accuracy of such information.

This general maintenance section does not replace any of the manufacturer manuals and/or recommendations. Please note: If there are any contradictions between the general maintenance notes listed below and the manufactures user guide, always refer the manufacturer's recommendations. Although some components may be inspected, serviced and maintained by the Association, it's always advised to have a qualified licensed professional perform the maintenance and care of the product. If you are unsure of the maintenance, please refer to the user guide.

CONFIDENTIALITY NOTICE:

This reserve study and the information contained in this study is for the sole use of the association and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. The information contained in this study is for one year use ONLY and annual reserve updates are necessary to disclose the associations percent funded to its members. The annual increases should be reassessed and adjusted at the time of the next reserve study and/or update.

The Client agreed to indemnify, defend and hold Golden Consulting Group harmless for errors in any application or product of work that are the result of information provided by client. Included without limitation are the plans and specifications, declaration of covenants, conditions and restrictions, and conditions of development. Thus, as part of the consideration received by Golden Consulting Group the Client shall hold harmless, indemnify all costs and expenses, including attorney fees and defend against all claims and litigation involving third parties, whether or not such claims or litigation are based on the direct result of performance of services in the services provided by Golden Consulting Group. Regardless of the foregoing: (A) Golden Consulting Group will fully cooperate with Client in the defense of any such third party action. (B) Golden Consulting Group remains subject to a direct action by Client against Golden Consulting Group liability will be determined solely in an action between Client as plaintiff, and Golden Consulting Group as defendant (or cross defendant in the event of an action for apportionment of damages following termination of the third party action in which Client is held liable).

OAK HILLS HOMEOWNERS ASSOCIATION- Sandbur Private Drive

COMPONENT DESCRIPTION & MAINTENANCE

Pavement

Asphalt (Replace, Resurface, Overlay)

Quantity	2,195	Life Expectancy	30
Type of Measurement	Sq. Ft.	Remaining Life	28
Unit Cost	6.00	Visual Condition	Good
Total Replacement Cost	13,170.00	Last Replacement Date	May/June 2018
Annual Reserve	439.00	Next Replacement Date	2048
Monthly Reserve	36.58		

Visual Inspection Notes

2020: The cost to Replace, Resurface, and/or Overlay averages about the same. As it depends how the members want to "extend" the useful life of asphalt. The asphalt is in good condition / next seal & repair 2023.

2018: It is noted that approx 1592 sq. ft. (upper) was removed and replaced and approx 603 sq. ft (lower) was sealed both was completed @ \$18,476.

2017: The board has agreed to not fund for the replacement/overlay of the private drives

The private drive which is located within Sandbur and the private road is shared solely by the 5 units. It is noted that the asphalt resurface was completed in Sept 2010 for \$7,750

Maintenance Notes

This reserve funding line item is used for the removal and replacement, overlay or resurface of the asphalt. Depending on which route the association decides to take in regards to extending the useful life of the asphalt. Asphalt overlay replacement is recommended once every 20-30 years. An overlay is a 1½ to 2½ inch of asphalt concrete that is constructed to the street/ road. The contractor must remove the old deteriorated asphalt concrete and replace the localized failed section of the street/road. Larger cracks are filled with crack seal material to repair the street prior to the overlay (paving). The cost of an overlay is more than a slurry seal. The cost for an overlay may change rapidly if gasoline prices increase/decrease drastically. There are many factors which can cause damage to asphalt. In most cases is time which has simply "worn out" the asphalt. Of course weather also plays a major part in deterioration, especially on asphalt that had not been properly maintained. Motor oil, gasoline, and other household chemicals also breakdown the asphalt if they are left to soak in.

Pavement
Asphalt Seal & Repair

Quantity	2,195	Life Expectancy	5
Type of Measurement	Sq. Ft.	Remaining Life	3
Unit Cost	0.80	Visual Condition	Good-Fair
Total Replacement Cost	1,756.00	Last Replacement Date	May/June 2018
Annual Reserve	351.20	Next Replacement Date	2023
Monthly Reserve	29.27		

Visual Inspection Notes

2020-2018: The Upper road was replaced in 2018 therefore the next seal coat would be in 2023

2017: Asphalt on Sandbur Place Private Drive is in fair to poor condition with some cracks observed. Adj UL to 10 with 3 Years Remaining

2016: Deferred 1 Year - Per Board not needed at this time.

2015-Deferred one year, in working condition. It is noted that the asphalt resurface was completed in Sept 2010 for \$7,750. It is recommended that the asphalt be sealed at least once every 5 to 7 years.

Maintenance Notes

This reserve funding line item is used for the seal & repair of the asphalt. Periodic seal coating and crack sealing approximately every 5 to 6 years is the most important preventative maintenance that can be done to extend the life of asphalt pavement. Seal coating minimizes oils from evaporating, reduces the degradation that occurs from ultraviolet light, and prevents water from penetrating the pavement. Inspect regularly.

Pavement
Concrete Drive Approach

Quantity	176	Life Expectancy	20
Type of Measurement	Sq. Ft.	Remaining Life	5
Unit Cost	11.00	Visual Condition	Fair
Total Replacement Cost	1,936.00	Last Replacement Date	Unknown
Annual Reserve	96.80	Next Replacement Date	2025
Monthly Reserve	8.07		

Visual Inspection Notes

2020: Adjusted the UL to 20 with a RL to replace in 2025

2017: The concrete drive approach is in good to fair condition with some cracks observed. Adj UL to 10 with 3 Years Remaining

2016: Deferred 1 Year - Per Board not needed at this time.

2015-Deferred one year, in working condition. The only concrete drive approach is the areas which are common only. All concrete walks located in front of a unit is the maintenance responsibility of the unit owner. Inspect and Repair all trip hazards

Maintenance Notes

This reserve funding line item is used for repairs and/or replacement of Concrete Drive Approach. Regular inspections are recommended and may be necessary to ensure the safety of its members. Particular attention should be made to abrupt changes in sections of concrete where these abrupt deviations would expose foot traffic to tripping and falling and bodily injury. Where these deviations occur an evaluation should be made of, what is, or may be causing the heaving or fractures of the concrete surface. Some failures of concrete are the result of weather but most often failures are the result of improper construction, irrigation water mismanagement or environmental changes, such as: expanded growth of tree roots or unusual seismic activity. Cracks in concrete can be unsightly and create moisture problems. Repairing such cracks is vital in order to keep moisture out. It's recommended to hire a qualified concrete contractor when to repair and/or replace.

Other
Loan Repayment

Quantity	1	Life Expectancy	1
Type of Measurement	Fund	Remaining Life	1
Unit Cost	2,592.00	Visual Condition	N/A
Total Replacement Cost	2,592.00	Last Replacement Date	2020
Annual Reserve	2,592.00	Next Replacement Date	2021
Monthly Reserve	216.00		

Visual Inspection Notes

2020: Repayment \$2,160 / 2020 - Schedule \$2592 for 2021.

2019: Loan Repayment-Borrowed \$10,000 from Oak Hills Master Reserve Fund. Repayment as Follows: 2020-\$2,160; 2021-\$2,592; 2022-\$3110.40, and final payment 2023- \$337.60

Maintenance Notes

This reserve funding line item is reserved for any loan repayment.