

Clear Lake Riviera Community Association

California Disclosure Notes

- 5) All major components are included in the Reserve Study and are included in its calculations.
- 6) For our Fiscal Year starting 7/1/24 our Reserve Study shows a current fund balance of \$226,912 on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount required in the Reserve Fund at the end of the current fiscal year is \$175,647.80, based in whole or in part on the last reserve study or update prepared by The Helsing Group Inc., as of 6/10/2022. This results in a percentage funding of 129.19%.

An alternate, but generally accepted, method of calculation was also used. The alternate calculation gives credit to the interest earning power of the portfolio, as well as inflation. As depicted in the formula below, the results from this calculation reveal a required amount of \$177,462.55 and a Percent Funded Calculation of 127.86%. This formula is recognized by both The Association of Professional Reserve Analysts and Community Associations Institute.

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at the time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before tax interest rate earned on reserve funds was 3.75 percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 4.00 percent per year.

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7) Reserve Fund Projections (Summary) over the next 30 Years

Fiscal Year	Ending Reserve Balance	Fully Funded Balance	Projected Percent Funded	Annual Reserve Contribution	Special Assesments	Interest Income	Reserve Expenses
2024 - 2025	\$181,492	\$127,723	142.1%	\$28,182.96	\$0.00	\$4,805	\$-78,408
2025 - 2026	\$207,953	\$152,955	135.9%	\$29,310.28	\$0.00	\$4,582	\$-7,431
2026 - 2027	\$234,152	\$178,244	131.4%	\$30,482.69	\$0.00	\$5,201	\$-9,485
2027 - 2028	\$263,260	\$206,677	127.4%	\$31,702.00	\$0.00	\$5,852	\$-8,446
2028 - 2029	\$295,725	\$238,869	123.8%	\$32,970.08	\$0.00	\$6,576	\$-7,081
2029 - 2030	\$319,480	\$262,899	121.5%	\$34,288.88	\$0.00	\$7,237	\$-17,771
2030 - 2031	\$300,946	\$245,456	122.6%	\$35,660.44	\$0.00	\$7,299	\$-61,493
2031 - 2032	\$323,028	\$267,806	120.6%	\$37,086.85	\$0.00	\$7,341	\$-22,346
2032 - 2033	\$361,524	\$306,663	117.9%	\$38,570.33	\$0.00	\$8,053	\$-8,127
2033 - 2034	\$324,129	\$271,078	119.6%	\$40,113.14	\$0.00	\$8,066	\$-85,574
2034 - 2035	\$339,749	\$287,244	118.3%	\$41,717.67	\$0.00	\$7,810	\$-33,908
2035 - 2036	\$384,434	\$332,314	115.7%	\$43,386.37	\$0.00	\$8,520	\$-7,221
2036 - 2037	\$360,431	\$310,153	116.2%	\$45,121.83	\$0.00	\$8,763	\$-77,887
2037 - 2038	\$398,117	\$348,524	114.2%	\$46,926.70	\$0.00	\$8,924	\$-18,165
2038 - 2039	\$414,755	\$366,633	113.1%	\$48,803.77	\$0.00	\$9,563	\$-41,728
2039 - 2040	\$415,486	\$369,237	112.5%	\$50,755.92	\$0.00	\$9,767	\$-59,792
2040 - 2041	\$427,259	\$382,719	111.6%	\$52,786.16	\$0.00	\$9,914	\$-50,928
2041 - 2042	\$397,645	\$355,439	111.9%	\$54,897.60	\$0.00	\$9,704	\$-94,216
2042 - 2043	\$425,839	\$384,761	110.7%	\$57,093.51	\$0.00	\$9,688	\$-38,587
2043 - 2044	\$466,130	\$426,414	109.3%	\$59,377.25	\$0.00	\$10,493	\$-29,580
2044 - 2045	\$492,914	\$455,297	108.3%	\$61,752.34	\$0.00	\$11,283	\$-46,250
2045 - 2046	\$479,923	\$445,250	107.8%	\$64,222.43	\$0.00	\$11,445	\$-88,659
2046 - 2047	\$511,853	\$479,346	106.8%	\$66,791.33	\$0.00	\$11,668	\$-46,529
2047 - 2048	\$495,661	\$466,340	106.3%	\$69,462.98	\$0.00	\$11,853	\$-97,508
2048 - 2049	\$448,042	\$421,974	106.2%	\$72,241.50	\$0.00	\$11,102	\$-130,962
2049 - 2050	\$425,556	\$401,617	106.0%	\$75,131.16	\$0.00	\$10,277	\$-107,895
2050 - 2051	\$466,540	\$443,519	105.2%	\$78,136.41	\$0.00	\$10,495	\$-47,648
2051 - 2052	\$501,455	\$479,951	104.5%	\$81,261.86	\$0.00	\$11,388	\$-57,734
2052 - 2053	\$577,611	\$557,580	103.6%	\$84,512.34	\$0.00	\$12,694	\$-21,051
2053 - 2054	\$680,302	\$662,545	102.7%	\$87,892.83	\$0.00	\$14,799	\$0

California Disclosure Notes

The Board of Directors does not anticipate the levy of any special assessments to defray the future repair, replacement or restoration of any major component or to provide adequate reserves therefor.

This Association’s funding plan provides adequate funds to meet expected expenditures and is based on the assumption that the Association will fund the reserves in accordance with the plan we have presented, which includes changes in annual funding as depicted in the statement of cash flows and expenditures established through an independent reserve study and funding updates as appropriate. The amount of reserves necessary was determined by calculating the annualized wearing out of the components, adjusting for the expected interest earnings of the reserve portfolio as well as expected inflationary impact on the future costs of the components. The most recent reserve study with detailed backup has been provided to your Board of Directors and is on file with the Association’s official records. This study must be reviewed and adjusted as necessary annually (California Civil Code Section 5550).

The accompanying table titled “Consolidated Component List” showing the estimated replacement costs, estimated current life, and estimated remaining life for the components is an integral part of this required disclosure.

Inflation Assumption: 4.00%

Pre-tax Interest Assumption:

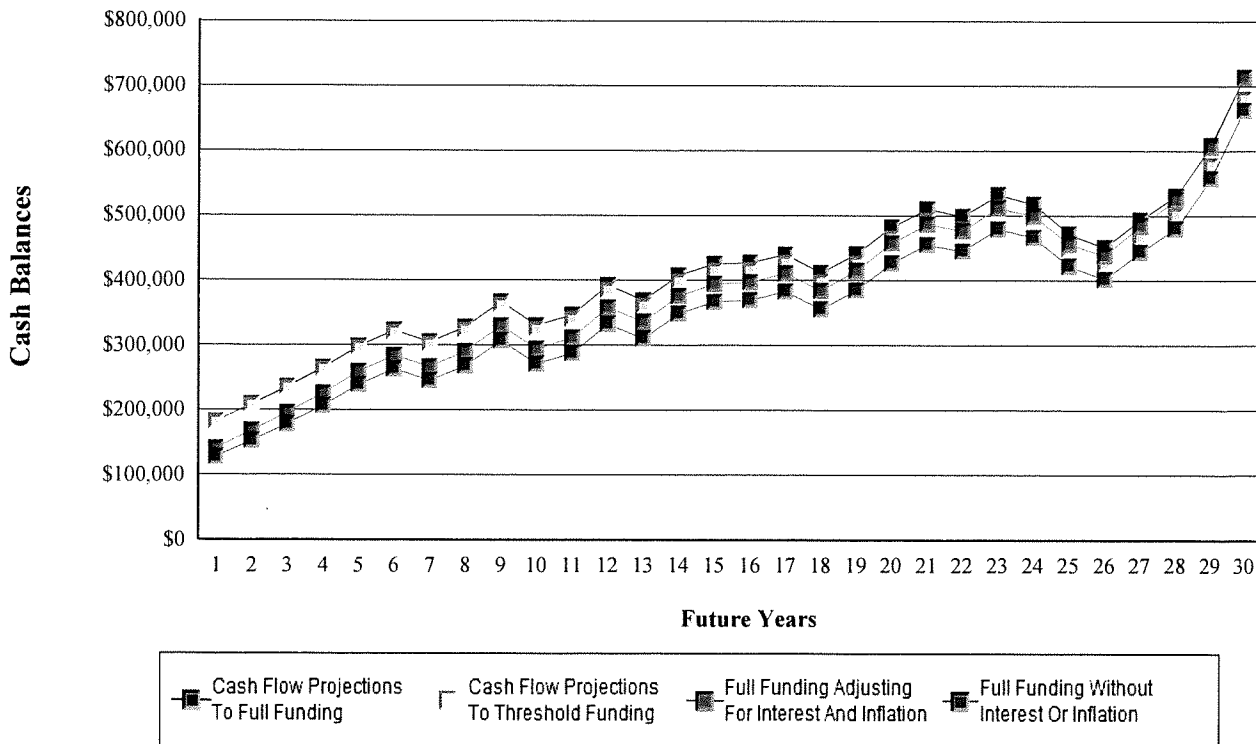
3.75%

Tax Assumption: 1120H

The graph below depicts a forecast of the level of fund balances necessary over the next thirty years in order to remain 100% funded, as well as two commonly recognized funding alternatives. One method results in funding to this full funding level. The other method funds to some threshold set by the association which may be higher or lower than full funding depending on the needs and desires of the association.

The association has chosen to fund to the threshold funding level on the following graph which allows for positive cash flows across the next thirty years

Cash Flow Projections Compared to Fully Funded Models



Clear Lake Riviera Community Association

California Disclosure Notes

The percent funded figure disclosed on the previous page is required by the California Civil Code. However, such disclosures are problematic as they do not show the impact on current or future homeowners. It is possible for associations with very low funding percentages to recover to adequate funding levels in some cases with very little impact on homeowners. In other cases, the impact may be significant. Conversely, it is possible to have relatively high "percent funded" figures and still require significant increases in assessments, and in some cases special assessments, in order to recover any shortfall before expected expenditures are due. In order to help measure the impact of any underfunding status in the reserve fund the following table is provided:

Impact of Fund Status on Current and Future Owners

Measured in average impact per unit per month (PUPM)

<u>End of Fiscal Year</u>	<u>Notional Ideal Assessment</u>	<u>Assessment Needed to Achieve/Maintain Full Funding</u>	<u>Special Assessments</u>	<u>Impact of any Underfunding</u>	<u>Projected Percent Funded</u>
2024 - 2025	\$0.80	\$0.85	\$0.00	Fully Funded	128.89%
2025 - 2026	\$0.93	\$0.88	\$0.00	Fully Funded	123.93%
2026 - 2027	\$0.96	\$0.92	\$0.00	Fully Funded	120.37%
2027 - 2028	\$1.00	\$0.95	\$0.00	Fully Funded	117.48%
2028 - 2029	\$1.04	\$0.99	\$0.00	Fully Funded	115.07%
2029 - 2030	\$1.08	\$1.03	\$0.00	Fully Funded	113.64%
2030 - 2031	\$1.13	\$1.07	\$0.00	Fully Funded	114.22%
2031 - 2032	\$1.17	\$1.12	\$0.00	Fully Funded	112.89%
2032 - 2033	\$1.22	\$1.16	\$0.00	Fully Funded	111.23%
2033 - 2034	\$1.27	\$1.21	\$0.00	Fully Funded	112.25%
2034 - 2035	\$1.32	\$1.26	\$0.00	Fully Funded	111.26%
2035 - 2036	\$1.37	\$1.31	\$0.00	Fully Funded	109.59%
2036 - 2037	\$1.43	\$1.36	\$0.00	Fully Funded	109.83%
2037 - 2038	\$1.48	\$1.41	\$0.00	Fully Funded	108.55%
2038 - 2039	\$1.54	\$1.47	\$0.00	Fully Funded	107.89%
2039 - 2040	\$1.61	\$1.53	\$0.00	Fully Funded	107.60%
2040 - 2041	\$1.67	\$1.59	\$0.00	Fully Funded	107.08%
2041 - 2042	\$1.74	\$1.65	\$0.00	Fully Funded	107.16%
2042 - 2043	\$1.81	\$1.72	\$0.00	Fully Funded	106.29%
2043 - 2044	\$1.88	\$1.79	\$0.00	Fully Funded	105.42%
2044 - 2045	\$1.95	\$1.86	\$0.00	Fully Funded	104.84%
2045 - 2046	\$2.03	\$1.93	\$0.00	Fully Funded	104.59%
2046 - 2047	\$2.11	\$2.01	\$0.00	Fully Funded	103.97%
2047 - 2048	\$2.20	\$2.09	\$0.00	Fully Funded	103.65%
2048 - 2049	\$2.28	\$2.18	\$0.00	Fully Funded	103.41%
2049 - 2050	\$2.38	\$2.26	\$0.00	Fully Funded	102.84%
2050 - 2051	\$2.47	\$2.35	\$0.00	Fully Funded	101.92%
2051 - 2052	\$2.57	\$2.45	\$0.00	Fully Funded	101.14%
2052 - 2053	\$2.67	\$2.55	\$0.00	Fully Funded	100.45%
2053 - 2054	\$2.78	\$2.65	\$0.00	Fully Funded	100.00%

The above table presumes full funding in thirty years and is intended to provide a measure of the impact of any under or over funding on homeowners.

The association's funding plan does not follow the above table and homeowners can expect the impact of underfunding to increase in future years.

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**California Disclosure Notes
Consolidated Component List**

NOTE: This listing is required to be provided to homeowners by the California Civil Code. In order to reduce print costs, it is a consolidated list provided for informational purposes only. Any mathematical projections or calculations made in the reserve funding analysis were made from an expanded list. Readers are cautioned not to attempt to make mathematical projections of their own from this list, but rather to refer to the "Detailed component List" provided in the complete reserve study on file with the association.

Reserve Component	Quantity	Average Unit Cost	Current Useful Lives	Adjusted Useful Lives	Remaining Useful Lives	Current Cost	Future Cost
Asphalt, Repair Fund	15,731 S.F.	\$ 3.36	25 to 39	25 to 25	1 to 13	\$ 52,882	\$ 68,848
Asphalt, Sealcoat	15,731 S.F.	\$ 0.32	11 to 39	5 to 5	1 to 1	\$ 5,034	\$ 5,235
Doors, Repair Fund	1 Lot	\$ 750.00	4 to 4	3 to 3	1 to 1	\$ 750	\$ 780
Fence, Replace	220 L.F.	\$ 40.00	18 to 20	18 to 20	7 to 13	\$ 8,800	\$ 14,262
Fire & Safety	6 Each	\$ 5,100.00	20 to 25	20 to 25	17 to 20	\$ 30,600	\$ 62,889
Flooring, Carpet	740 S.F.	\$ 10.00	15 to 15	15 to 15	3 to 14	\$ 7,400	\$ 11,904
Flooring, Laminate	1,154 S.F.	\$ 8.50	16 to 16	15 to 15	1 to 1	\$ 9,809	\$ 10,201
Flooring, Linoleum	45 S.F.	\$ 8.00	39 to 39	20 to 20	1 to 1	\$ 360	\$ 374
Furnishings, ACP File Room	16 Each	\$ 294.06	10 to 39	10 to 35	1 to 9	\$ 4,705	\$ 5,007
Furnishings, ACP Office	11 Each	\$ 685.91	7 to 26	6 to 25	1 to 3	\$ 7,545	\$ 7,865
Furnishings, Community Ctr/Storage	21 Lot	\$ 332.50	12 to 49	10 to 40	1 to 10	\$ 38,640	\$ 55,700
Furnishings, Greatroom/Mtg Rm	59 Lot	\$ 500.00	6 to 35	5 to 30	1 to 24	\$ 12,975	\$ 16,845
Furnishings, Kitchen	36 L.F.	\$ 322.00	10 to 40	5 to 40	1 to 25	\$ 16,415	\$ 37,945
Furnishings, Management Office	38 Lot	\$ 4,500.00	8 to 50	4 to 50	1 to 12	\$ 26,690	\$ 34,792
Furnishings, Restroom	9 Each	\$ 315.00	40 to 40	40 to 40	25 to 33	\$ 2,835	\$ 8,738
Furnishings, Tot Lot	1 Each	\$ 32,000.00	25 to 25	25 to 25	24 to 24	\$ 32,000	\$ 82,026
HVAC	4 Each	\$ 3,132.50	10 to 20	10 to 20	8 to 18	\$ 12,530	\$ 25,068
Irrigation System	4 Each	\$ 537.50	13 to 35	12 to 25	1 to 1	\$ 2,150	\$ 2,236
Lights	115 L.F.	\$ 0.90	5 to 21	5 to 20	3 to 19	\$ 13,877	\$ 24,467
Paint, Interior	5,894 S.F.	\$ 1.50	10 to 10	10 to 10	8 to 8	\$ 8,841	\$ 12,100
Paint, Wrought Iron	790 S.F.	\$ 2.50	13 to 20	5 to 5	1 to 1	\$ 1,975	\$ 2,054
Paint/Refinish, Doors	13 Each	\$ 125.00	10 to 13	10 to 10	1 to 8	\$ 1,625	\$ 2,060
Paint/Stain, Wood	3,361 S.F.	\$ 1.65	13 to 13	5 to 5	1 to 1	\$ 5,546	\$ 5,767
Reserve Study	1 Cycle	\$ 1,560.00	3 to 3	3 to 3	1 to 1	\$ 1,560	\$ 1,622
Roof, Built-Up	1,486 S.F.	\$ 13.50	15 to 15	15 to 15	10 to 10	\$ 20,061	\$ 29,695
Roof, Clay Tile	1,660 S.F.	\$ 12.00	40 to 40	40 to 40	15 to 15	\$ 19,920	\$ 35,875
Roof, Clay Tile, Repair Fund	1,660 S.F.	\$ 3.50	5 to 5	5 to 5	3 to 3	\$ 5,810	\$ 6,535
Roof, Composition Shingle	594 S.F.	\$ 9.00	25 to 25	25 to 25	23 to 23	\$ 5,346	\$ 13,176
Roof, Downspouts	59 L.F.	\$ 15.00	25 to 25	25 to 25	13 to 13	\$ 885	\$ 1,474
Roof, Gutters	1 Lot	\$ 8,200.00	25 to 25	25 to 25	13 to 13	\$ 8,200	\$ 13,654
Sign, Replace	1 Each	\$ 15,689.62	20 to 20	20 to 20	18 to 18	\$ 15,690	\$ 31,784
Utilities	3 Lot	\$ 1,066.67	10 to 10	10 to 10	7 to 7	\$ 3,200	\$ 4,211
Wood, Repair Fund	3,361 S.F.	\$ 0.60	13 to 13	10 to 10	1 to 1	\$ 2,017	\$ 2,097
Wrought Iron, Replace	160 L.F.	\$ 70.00	30 to 30	30 to 30	7 to 7	\$ 11,200	\$ 14,738
Grand Total:						\$ 397,872	\$ 652,027

