RICHARD AVELAR & ASSOCIATES
ARCHITECTS

Reserve Study Transmittal Letter

Date: February 11, 2014
To: Nicole Johnson, Shoreline Property Management
From: Richard Avelar & Associates (RA&A)

Re: Sand Dollar Beach - Homeowner; Update w/o Site Visit Review

Attached, please find the reserve study for Sand Dollar Beach - Homeowner. To assist in your understanding of the study, and to highlight key information you may need quickly, we have listed below some of the important information contained in the study. At RA&A our goal is to bring clarity from complexity, so should you have any questions, please do not hesitate to contact us anytime.

1. Where do I find the recommended reserve contribution for next year's budget?

   This is found in *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."* **$57,000** is the annual amount. Directly under the annual amount is the amount per ownership interest, per month, or other period, as applicable. **$54.60 /Unit/month @ 87.** For any other funding related issues, if any, see *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."*

2. Where do I find the status of the reserve fund, based on the Percent Funded calculation?

   This is found for the 30-year term of the study in *Section IV, "30 Year Reserve Funding Plan, Including Fully Funded Balance and % Funded."* For the year for which the study was prepared, 2015, the Association is **201.%** funded.

   Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

   California statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

3. Where do I find the assumptions for interest and inflation factors?

   While this information is in various places in the study, it can always be found in *Section III, "30 Year Reserve Funding Plan, Cash Flow Method."* For this study the assumption is **1.00%** for the interest rate and **2.50%** for the inflation factor. Please be advised these rates estimate the values that will stand the test of time over the 30-year term of the study, not simply only next year.

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4. What pages from the reserve study get mailed to the members (homeowners)?

   Please see the last section of the reserve study, "Member Distribution Materials." These are the last six pages (or more) of the study which can be removed, and copied, for distribution to the membership with the budget packet. This packet includes all state mandated disclosures related to the reserves and the reserve study. **This section of the study is a stand-alone packet with it's own cover and table of contents.**

5. What are the next steps?

   This study meets the CA Civil Code Requirements for a review of the study each year and the preparation of the “California Assessment and Reserve Funding Disclosure Summary,” which under law, must be presented to the association members each year. The next site visit study will be due three years from the date of the last site visit study. RA&A proposes doing an Update Without Site Visit Study during the intervening two years at a nominal cost which includes the preparation of a reserve study and above required disclosures.

Please read the two helpful sections entitled “Glossary” and “Notes to the Auditor.” The glossary explains common reserve study terms as well as RA&A specific terminology. The Notes to the Auditor while intended to assist the auditor, has useful information for the casual reader on how year zero, (2014) the current fiscal year is dealt with in the study.

Thank you for the opportunity to work with the Sand Dollar Beach - Homeowner on this study.

RICHARD AVELAR & ASSOCIATES

ARCHITECTS

RESERVE STUDY

Update w/o Site Visit Review

Sand Dollar Beach - Homeowner

Draft_For Review Purposes
Published - February 11, 2014
Prepared for the 2015 Fiscal Year

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Sand Dollar Beach - Homeowner

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Homeowner Distribution Materials

The following Reserve Study sections should be provided to each Homeowner.

Section	*Report*	
California:	Homeowner Summary	
	Assessment and Reserve Funding Disclosure Summary	*[Civil Code §5570]*
Section III:	30 Year Reserve Funding Plan	*Cash Flow Method {c}*

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Reserve Study Summary

A Reserve Study was conducted of Sand Dollar Beach - Homeowner (the "**Association**"). An **Update Without Site-Visit Review** is an update with no on-site visual observation upon where the following tasks are performed:

- life and valuation estimates;
- fund status;
- and a funding plan.

Sand Dollar Beach - Homeowner is a Planned Development with a total of 87 Units.

Summary of Reserves

For the first year of the Reserve Study, the reserve contribution is based upon the existing budget unless otherwise noted in *"Section III, Reserve Funding Plan."* In addition RA&A relied on the Association to provide an accurate Beginning Reserve Balance.

The status of the Association's reserves, as reflected in the following Reserve Study, is as follows:

1. **The Expenditure Forecast of the following Reserve Study identifies the major components which the Association is obligated to repair, replace, restore or maintain, as determined in accordance with the criteria specified above, and specifies for each such component:**
   a. **Its current estimated replacement cost;**
   b. **Its estimated useful life; and**
   c. **Its estimated remaining useful life.**
2. **It is estimated that the total cash reserves necessary to repair, replace, restore or maintain such major components (in the aggregate) during and at the end of their first remaining useful life is $174,987.**
   - **[For purposes of this calculation, "necessary" is defined as the Fully Funded Balance (FFB) (Component Current Cost X Effective Age / Useful Life, including a provision for interest and inflation in future years.)]**
3. **The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain such major components as of the fiscal year ending December 31, 2015 is estimated to be $351,766, constituting 201.% of the total expenditures anticipated for all such major components through their first end of useful life replacement.**

4. **Based upon the schedule of annual reserve contributions necessary to defray the cost of repairing, replacing, restoring or maintaining such major components in the years such expenditures are estimated to be required, it is estimated that annual reserve contributions in the initial amount of $57,000 *[$54.60 per Unit per month (average)]* for the fiscal year ending December 31, 2015 (the first full fiscal year following first distribution of this report) will be necessary in order to meet all such reserve expenditures when they are projected to come due.**

Funding Assessment

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

California statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

Percent Funded Status

Based on paragraphs 1 - 3 above, the Association is 201.% funded. The following scale can be used as a measure to determine the Association's financial picture whereas the lower the percentage, the higher the likelihood of the Association requiring a special assessment, or other large increases to the reserve contribution in the future.

Methodology

The above recommended reserve contribution for the next fiscal year (and future fiscal years as outlined in *Section III, Reserve Fund Balance Forecast)* was developed using the cash flow method. This is a method of developing a reserve funding plan where the 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.

Funding Goals

The funding goal employed for Sand Dollar Beach - Homeowner is

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."

Limitations

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

Statutory Disclosures

Compliance

The Reserve Study was conducted pursuant to *Sections 5300 and 5520* of the California Civil Code.

Open Meeting

California *Civil Code Section 5500* says (in part):

The (Reserve Funding) plan shall be adopted by the board of directors at an open meeting before the membership of the association as described in *Section 4900*. If the board of directors determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the board that is consistent with the procedure described in *Section 5600*.

Supplemental Disclosures

General:

RA&A has no other involvement(s) with the Association which could result in actual or perceived conflicts of interest.

Personnel Credentials:

RA&A is an Architectural Firm and a licensed general building contractor in California. Ken Kosloff, PRA, RS, Principal, holds the Professional Reserve Analyst designation from The Association of Reserve Analysts along with the Reserve Specialist designation from the Community Associations Institute.

Completeness:

RA&A has found no 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 RA&A.

Scope:

This Reserve Study is a reflection of information provided to RA&A and assembled for the Association's use, not for the purpose of performing an audit, quality/forensic analysis, health and safety inspection, or background checks of historical records.

Reserve Balance:

The actual beginning reserve fund balance in this Reserve Study is based upon information provided and was not audited.

Reserve Projects:

Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit, quality inspection, or health and safety review.

Component Quantities:

The Association warrants the previously developed component quantities are accurate and reliable.

KEN KOSLOFF
CAI-RS
00099
Designation
Reserve Specialist

Richard Avelar & Associates

Reserve Component	Current Replacement Cost	Life Useful /	Remaining	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
00110 - Mechanical Equipment - Security System																		
100 - Entry Access System w/keyless operator	11,846	20	2			12,445												
Total 00110 - Mechanical Equipment - Security System	11,846					12,445												
01000 - Paving																		
100 - Asphalt: Seal Coat 34,000 Sq. Ft. roads- Sand Dollar Ln & Shoreline	1,402	5	2			1,473					1,667					1,886		
200 - Asphalt: Repairs: Cut & Patch 3,400 Sq. Ft. roads- Sand Dollar Ln & Shoreline	16,110	5	2			16,926					19,150					21,667		
311 - Asphalt: Resurface 5,490 Sq. Ft. Linda Vista	32,517	25	2			34,163												
762 - Pathways Upper Pathways Repair Fund	4,264	5	0	4,264					4,825					5,459				
763 - Pathways Upper Pathways Seal Coat	1,077	5	0	1,077					1,218					1,379				
764 - Pathways Lower Pathways Repair Fund	17,117	5	0	17,117					19,367					21,911				
765 - Pathways Lower Pathways Seal Coat	4,281	5	0	4,281					4,843					5,480				
Total 01000 - Paving	76,769			26,739		52,562			30,253		20,817			34,228		23,553		
01500 - Siding/Trim (Repair/Replace)																		
190 - Gazebo (Wood) Entrance	7,000	20	16															
190 - Gazebo (Wood) Lower Pathway	2,627	20	15															
Total 01500 - Siding/Trim (Repair/Replace)	9,626																	
02500 - Landings/Stairs/Railings																		
000 - Stair Structure North Stairway	54,921	25	21															
001 - Stair Structure South Stairway	54,921	25	21															
100 - Stair Treads Treads & Handrails Repair Fund	3,152	1	0	3,152	3,231	3,311	3,394	3,479	3,566	3,655	3,747	3,840	3,936	4,035	4,136	4,239	4,345	4,454
Total 02500 - Landings/Stairs/Railings	112,995			3,152	3,231	3,311	3,394	3,479	3,566	3,655	3,747	3,840	3,936	4,035	4,136	4,239	4,345	4,454
18000 - Landscaping																		
420 - General Repairs/Upgrades Annual Upgrade/Maintenance Fund	269	1	0	269	276	283	290	297	305	312	320	328	336	345	353	362	371	380
500 - Tree Maintenance Pruning/Maintenance	2,627	3	2			2,760			2,972			3,200			3,446			3,711
Total 18000 - Landscaping	2,896			269	276	3,042	290	297	3,276	312	320	3,528	336	345	3,800	362	371	4,092

Reserve Component	*Current Replacement Cost*	*Life Useful /*	*Remaining*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*	*2023*	*2024*	*2025*	*2026*	*2027*	*2028*
19000 - Fencing (Repair/Replace)																		
300 - Wood 45 Lin. Ft. Area "F"	2,128	15	14															3,006
990 - Miscellaneous Maintenance Yard[nr:]	10,230	20	17															
Total 19000 - Fencing (Repair/Replace)	12,358																	3,006
19500 - Retaining Wall																		
101 - Wood North Stairway[nr:1]	12,923	35	22															
102 - Wood Area C repair fund	1,327	1	0	1,327	1,360	1,394	1,429	1,464	1,501	1,539	1,577	1,616	1,657	1,698	1,741	1,784	1,829	1,875
Total 19500 - Retaining Wall	14,249			1,327	1,360	1,394	1,429	1,464	1,501	1,539	1,577	1,616	1,657	1,698	1,741	1,784	1,829	1,875
21000 - Signage																		
104 - Entrance Signage Repair/Upgrade	5,384	10	9										6,724					
Total 21000 - Signage	5,384												6,724					
23000 - Misc. Mechanical Equipment																		
900 - Sewer System Generator Housing (Stainless Steel)	5,384	5	2			5,657					6,400					7,241		
901 - Sewer System Generator	53,845	20	16															
902 - Sewer System 4 Sewer Pumps	6,461	10	7								7,681							
903 - Sewer System 833 Lin. Ft. Pipe Replacement	130,072	40	36															
904 - Sewer System Sewer Tank Re-lining	32,307	30	27															
905 - Sewer System Drainage Pump (Area B)	7,538	20	17															
Total 23000 - Misc. Mechanical Equipment	235,608					5,657					14,081					7,241		
30000 - Miscellaneous																		
006 - Sea Wall 30 Lin. Ft. HOA Responsibility	21,807	30	11												28,613			
210 - Storage Shed Maintenance Yard[se:10]	15,759	30	3				1,697	1,740	1,783	1,828	1,873	1,920	1,968	2,017	2,068	2,119		
Total 30000 - Miscellaneous	37,566						1,697	1,740	1,783	1,828	1,873	1,920	1,968	2,017	30,680	2,119		
Total Expenditures Inflated @ 2.50%				31,487	4,867	78,412	6,810	6,980	40,379	7,334	42,415	10,905	14,622	42,323	40,356	39,299	6,545	13,426
Total Current Replacement Cost	519,297																	

Reserve Component	*2029*	*2030*	*2031*	*2032*	*2033*	*2034*	*2035*	*2036*	*2037*	*2038*	*2039*	*2040*	*2041*	*2042*	*2043*
00110 - Mechanical Equipment - Security System															
100 - Entry Access System w/keyless operator								20,393							
Total 00110 - Mechanical Equipment - Security System								20,393							
01000 - Paving															
100 - Asphalt: Seal Coat 34,000 Sq. Ft. roads- Sand Dollar Ln & Shoreline			2,134					2,414					2,731		
200 - Asphalt: Repairs: Cut & Patch 3,400 Sq. Ft. roads- Sand Dollar Ln & Shoreline			24,514					27,735					31,380		
311 - Asphalt: Resurface 5,490 Sq. Ft. Linda Vista													63,336		
762 - Pathways Upper Pathways Repair Fund	6,176					6,988					7,906				
763 - Pathways Upper Pathways Seal Coat	1,560					1,765					1,996				
764 - Pathways Lower Pathways Repair Fund	24,791					28,048					31,734				
765 - Pathways Lower Pathways Seal Coat	6,200					7,014					7,936				
Total 01000 - Paving	38,726		26,648			43,815		30,149			49,573		97,447		
01500 - Siding/Trim (Repair/Replace)															
190 - Gazebo (Wood) Entrance		10,391													
190 - Gazebo (Wood) Lower Pathway	3,804														
Total 01500 - Siding/Trim (Repair/Replace)	3,804	10,391													
02500 - Landings/Stairs/Railings															
000 - Stair Structure North Stairway							92,245								
001 - Stair Structure South Stairway							92,245								
100 - Stair Treads Treads & Handrails Repair Fund	4,565	4,679	4,796	4,916	5,039	5,165	5,294	5,426	5,562	5,701	5,843	5,989	6,139	6,293	6,450
Total 02500 - Landings/Stairs/Railings	4,565	4,679	4,796	4,916	5,039	5,165	189,784	5,426	5,562	5,701	5,843	5,989	6,139	6,293	6,450
18000 - Landscaping															
420 - General Repairs/Upgrades Annual Upgrade/Maintenance Fund	390	400	410	420	430	441	452	463	475	487	499	512	524	538	551
500 - Tree Maintenance Pruning/Maintenance			3,997			4,304			4,635			4,991			5,375
Total 18000 - Landscaping	390	400	4,406	420	430	4,745	452	463	5,110	487	499	5,503	524	538	5,926
19000 - Fencing (Repair/Replace)															
300 - Wood 45 Lin. Ft. Area "F"															4,354
990 - Miscellaneous Maintenance Yard[nr:]															
Total 19000 - Fencing (Repair/Replace)															4,354

Reserve Component	*2029*	*2030*	*2031*	*2032*	*2033*	*2034*	*2035*	*2036*	*2037*	*2038*	*2039*	*2040*	*2041*	*2042*	*2043*
19500 - Retaining Wall															
101 - Wood North Stairway[nr:1]								22,247							
102 - Wood Area C repair fund	1,921	1,970	2,019	2,069	2,121	2,174	2,228	2,284	2,341	2,400	2,460	2,521	2,584	2,649	2,715
Total 19500 - Retaining Wall	1,921	1,970	2,019	2,069	2,121	2,174	2,228	24,531	2,341	2,400	2,460	2,521	2,584	2,649	2,715
21000 - Signage															
104 - Entrance Signage Repair/Upgrade					8,608										11,019
Total 21000 - Signage					8,608										11,019
23000 - Misc. Mechanical Equipment															
900 - Sewer System Generator Housing (Stainless Steel)			8,193					9,270					10,488		
901 - Sewer System Generator		79,933													
902 - Sewer System 4 Sewer Pumps			9,832										12,585		
903 - Sewer System 833 Lin. Ft. Pipe Replacement															
904 - Sewer System Sewer Tank Re-lining													62,927		
905 - Sewer System Drainage Pump (Area B)			11,470												
Total 23000 - Misc. Mechanical Equipment		79,933	29,495					9,270					86,000		
30000 - Miscellaneous															
006 - Sea Wall 30 Lin. Ft. HOA Responsibility															
210 - Storage Shed Maintenance Yard[se:10]															
Total 30000 - Miscellaneous															
Total Expenditures Inflated @ 2.50%	49,407	97,372	67,364	7,405	16,198	55,899	192,464	90,233	13,013	8,588	58,375	14,013	192,695	9,479	30,464

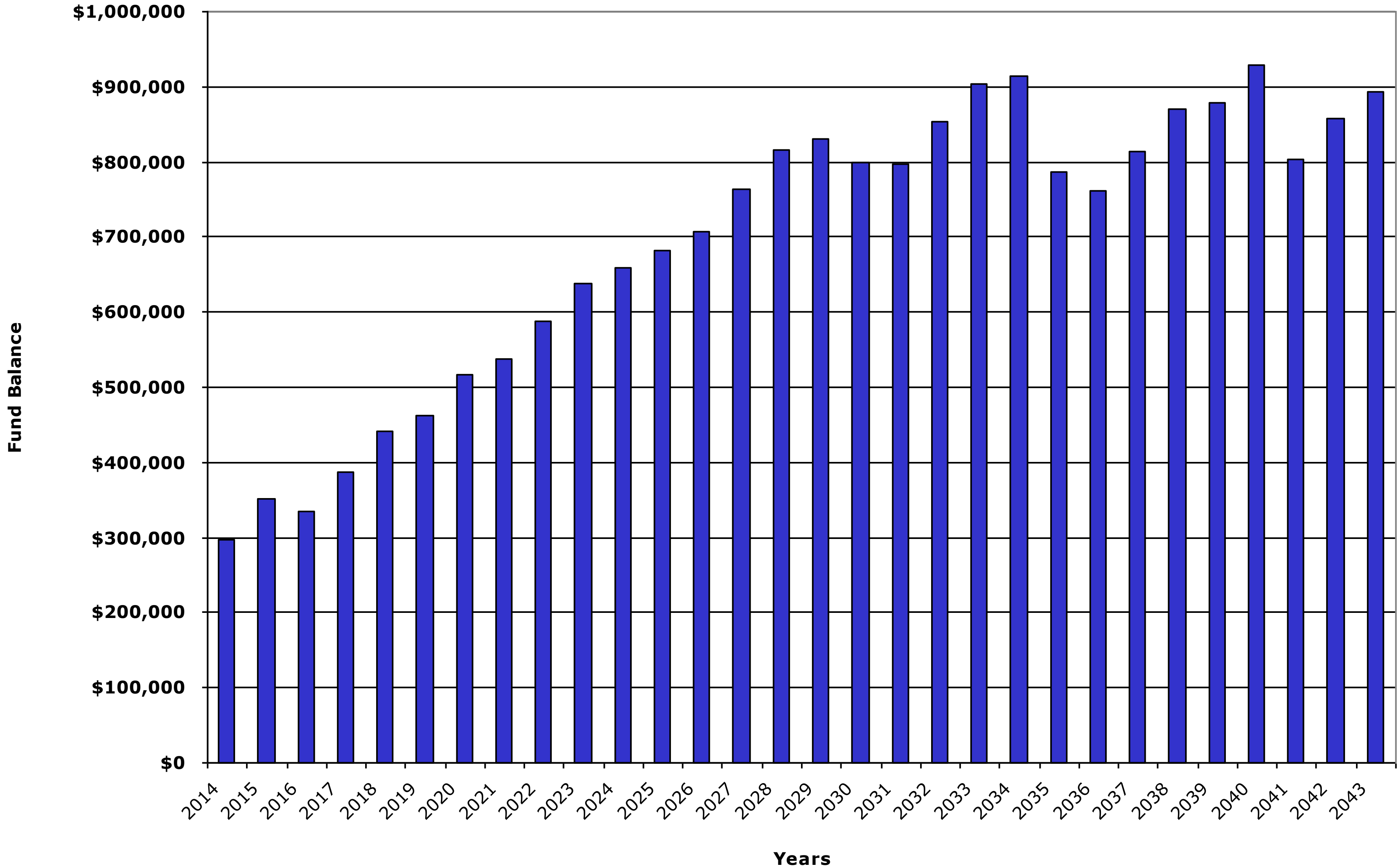
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beginning Balance	268,086	296,408	351,766	333,764	387,543	441,688	462,809	517,351	537,183	588,880
Inflated Expenditures @ 2.5%	31,487	4,867	78,412	6,810	6,980	40,379	7,334	42,415	10,905	14,622
Reserve Contribution	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000
Units/month @ 87	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*
Percentage Increase		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.00%	2,808	3,225	3,411	3,589	4,126	4,500	4,876	5,246	5,602	6,101
Ending Balance	296,408	351,766	333,764	387,543	441,688	462,809	517,351	537,183	588,880	637,359

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Beginning Balance	637,359	658,482	681,794	706,402	764,173	815,607	831,394	799,134	796,710	854,520
Inflated Expenditures @ 2.5%	42,323	40,356	39,299	6,545	13,426	49,407	97,372	67,364	7,405	16,198
Reserve Contribution	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000
Units/month @ 87	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*
Percentage Increase	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.00%	6,447	6,668	6,906	7,316	7,860	8,194	8,112	7,940	8,215	8,749
Ending Balance	658,482	681,794	706,402	764,173	815,607	831,394	799,134	796,710	854,520	904,072

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Beginning Balance	904,072	914,219	787,219	761,692	813,516	870,306	877,627	929,604	802,527	858,311
Inflated Expenditures @ 2.5%	55,899	192,464	90,233	13,013	8,588	58,375	14,013	192,695	9,479	30,464
Reserve Contribution	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000
Units/month @ 87	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*
Percentage Increase	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.00%	9,046	8,465	7,706	7,837	8,377	8,696	8,991	8,618	8,263	8,716
Ending Balance	914,219	787,219	761,692	813,516	870,306	877,627	929,604	802,527	858,311	893,563

30 Year Reserve Funding Plan Cash Flow Method - Ending Balances

Draft_For Review Purposes
Prepared for the 2015 Fiscal Year



30 Year Reserve Funding Plan Including Fully Funded Balance and % Funded

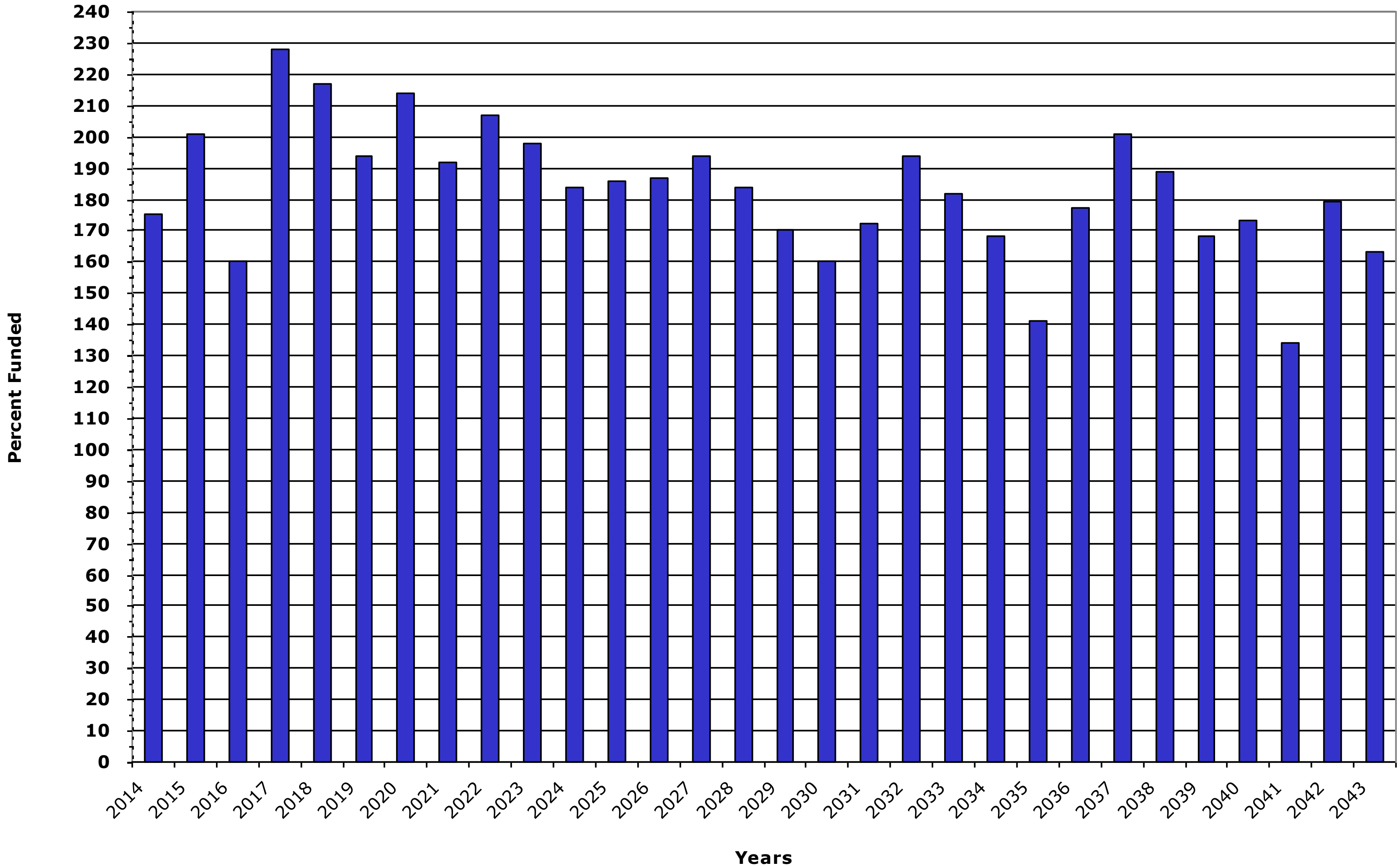
Draft_For Review Purposes
Prepared for the 2015 Fiscal Year

Year	*Beginning Balance*	*Fully Funded Balance*	*Percent Funded*	*Inflated Expenditures @ 2.50%*	*Reserve Contribution*	*Special Assessments & Other Contributions*	*Interest*	*Ending Balance*
2014	268,086	169,030	175.4%	31,487	57,000	0	2,808	296,408
2015	296,408	174,987	201.0%	4,867	57,000	0	3,225	351,766
2016	351,766	209,229	159.5%	78,412	57,000	0	3,411	333,764
2017	333,764	169,813	228.2%	6,810	57,000	0	3,589	387,543
2018	387,543	203,698	216.8%	6,980	57,000	0	4,126	441,688
2019	441,688	239,171	193.5%	40,379	57,000	0	4,500	462,809
2020	462,809	242,236	213.6%	7,334	57,000	0	4,876	517,351
2021	517,351	280,210	191.7%	42,415	57,000	0	5,246	537,183
2022	537,183	284,162	207.2%	10,905	57,000	0	5,602	588,880
2023	588,880	321,520	198.2%	14,622	57,000	0	6,101	637,359
2024	637,359	357,038	184.4%	42,323	57,000	0	6,447	658,482
2025	658,482	366,112	186.2%	40,356	57,000	0	6,668	681,794
2026	681,794	378,518	186.6%	39,299	57,000	0	6,906	706,402
2027	706,402	393,432	194.2%	6,545	57,000	0	7,316	764,173
2028	764,173	443,436	183.9%	13,426	57,000	0	7,860	815,607
2029	815,607	488,809	170.1%	49,407	57,000	0	8,194	831,394
2030	831,394	499,637	159.9%	97,372	57,000	0	8,112	799,134
2031	799,134	462,803	172.1%	67,364	57,000	0	7,940	796,710
2032	796,710	440,314	194.1%	7,405	57,000	0	8,215	854,520
2033	854,520	495,951	182.3%	16,198	57,000	0	8,749	904,072
2034	904,072	545,271	167.7%	55,899	57,000	0	9,046	914,219
2035	914,219	556,468	141.5%	192,464	57,000	0	8,465	787,219
2036	787,219	429,338	177.4%	90,233	57,000	0	7,706	761,692
2037	761,692	404,570	201.1%	13,013	57,000	0	7,837	813,516
2038	813,516	459,759	189.3%	8,588	57,000	0	8,377	870,306
2039	870,306	522,324	168.0%	58,375	57,000	0	8,696	877,627
2040	877,627	536,918	173.1%	14,013	57,000	0	8,991	929,604
2041	929,604	598,881	134.0%	192,695	57,000	0	8,618	802,527
2042	802,527	480,818	178.5%	9,479	57,000	0	8,263	858,311
2043	858,311	549,211	162.7%	30,464	57,000	0	8,716	893,563

30 Year Reserve Funding Plan Cash Flow Method - Percent Funded

Draft_For Review Purposes

Prepared for the 2015 Fiscal Year



Reserve Component	*Current Repl. Cost*	*Useful Life*	*Remaining Life*	*Estimated Future Replacement Costs*	*Per Year*	*2014 Fully Funded Balance*	*2015 Fully Funded Balance*	*% Per Year Straight Line*	*2015 Line Item Contribution based on Cash Flow Method*
00110 - Mechanical Equipment - Security System									
100 - Entry Access System w/keyless operator	11,846	20	2	12,445	622	10,661	11,535	1.71%	973
01000 - Paving									
100 - Asphalt: Seal Coat 34,000 Sq. Ft. roads- Sand Dollar Ln & Shoreline	1,402	5	2	1,473	295	841	1,150	0.81%	461
200 - Asphalt: Repairs: Cut & Patch 3,400 Sq. Ft. roads- Sand Dollar Ln & Shoreline	16,110	5	2	16,926	3,385	9,666	13,210	9.29%	5,296
311 - Asphalt: Resurface 5,490 Sq. Ft. Linda Vista	32,517	25	2	34,163	1,367	29,915	31,996	3.75%	2,138
762 - Pathways Upper Pathways Repair Fund	4,264	5	0	4,264	853	4,264	874	2.34%	1,334
763 - Pathways Upper Pathways Seal Coat	1,077	5	0	1,077	215	1,077	221	0.59%	337
764 - Pathways Lower Pathways Repair Fund	17,117	5	0	17,117	3,423	17,117	3,509	9.40%	5,355
765 - Pathways Lower Pathways Seal Coat	4,281	5	0	4,281	856	4,281	878	2.35%	1,339
Sub-total [01000 - Paving]	76,769			79,301	10,394	67,162	51,838	28.53%	16,260
01500 - Siding/Trim (Repair/Replace)									
190 - Gazebo (Wood) Entrance	7,000	20	16	10,391	520	1,400	1,794	1.43%	813
190 - Gazebo (Wood) Lower Pathway	2,627	20	15	3,804	190	657	808	0.52%	298
Sub-total [01500 - Siding/Trim (Repair/Replace)]	9,626			14,195	710	2,057	2,601	1.95%	1,110
02500 - Landings/Stairs/Railings									
000 - Stair Structure North Stairway	54,921	25	21	92,245	3,690	8,787	11,259	10.13%	5,772
001 - Stair Structure South Stairway	54,921	25	21	92,245	3,690	8,787	11,259	10.13%	5,772
100 - Stair Treads Treads & Handrails Repair Fund	3,152	1	0	3,152	3,152	3,152	3,231	8.65%	4,931
Sub-total [02500 - Landings/Stairs/Railings]	112,995			187,642	10,531	20,727	25,748	28.90%	16,475

Reserve Component	Current Repl. Cost	Useful Life	Remaining Life	Estimated Future Replacement Costs	Per Year	2014 Fully Funded Balance	2015 Fully Funded Balance	% Per Year Straight Line	2015 Line Item Contribution based on Cash Flow Method
18000 - Landscaping									
420 - General Repairs/Upgrades Annual Upgrade/Maintenance Fund	269	1	0	269	269	269	276	0.74%	421
500 - Tree Maintenance Pruning/Maintenance	2,627	3	2	2,760	920	876	1,795	2.52%	1,439
Sub-total [18000 - Landscaping]	2,896			3,029	1,189	1,145	2,071	3.26%	1,860
19000 - Fencing (Repair/Replace)									
300 - Wood 45 Lin. Ft. Area "F"	2,128	15	14	3,006	200	142	291	0.55%	314
990 - Miscellaneous Maintenance Yard[nr:]	10,230	20	17	0	0	1,535	2,097	0.00%	0
Sub-total [19000 - Fencing (Repair/Replace)]	12,358			3,006	200	1,676	2,388	0.55%	314
19500 - Retaining Wall									
101 - Wood North Stairway[nr:1]	12,923	35	22	22,247	636	4,800	5,298	1.74%	994
102 - Wood Area C repair fund	1,327	1	0	1,327	1,327	1,327	1,360	3.64%	2,075
Sub-total [19500 - Retaining Wall]	14,249			23,574	1,962	6,127	6,658	5.39%	3,070
21000 - Signage									
104 - Entrance Signage Repair/Upgrade	5,384	10	9	6,724	672	538	1,104	1.85%	1,052
23000 - Misc. Mechanical Equipment									
900 - Sewer System Generator Housing (Stainless Steel)	5,384	5	2	5,657	1,131	3,231	4,415	3.11%	1,770
901 - Sewer System Generator	53,845	20	16	79,933	3,997	10,769	13,798	10.97%	6,252
902 - Sewer System 4 Sewer Pumps	6,461	10	7	7,681	768	1,938	2,649	2.11%	1,202
903 - Sewer System 833 Lin. Ft. Pipe Replacement	130,072	40	36	0	0	13,007	16,666	0.00%	0
904 - Sewer System Sewer Tank Re-lining	32,307	30	27	62,927	2,098	3,231	4,415	5.76%	3,281
905 - Sewer System Drainage Pump (Area B)	7,538	20	17	11,470	574	1,131	1,545	1.57%	897
Sub-total [23000 - Misc. Mechanical Equipment]	235,608			167,667	8,567	33,307	43,488	23.51%	13,402

Reserve Component	*Current Repl. Cost*	*Useful Life*	*Remaining Life*	*Estimated Future Replacement Costs*	*Per Year*	*2014 Fully Funded Balance*	*2015 Fully Funded Balance*	*% Per Year Straight Line*	*2015 Line Item Contribution based on Cash Flow Method*
30000 - Miscellaneous									
006 - Sea Wall 30 Lin. Ft. HOA Responsibility	21,807	30	11	28,613	954	13,811	14,901	2.62%	1,492
210 - Storage Shed Maintenance Yard[se:10]	15,759	30	3	19,013	634	11,820	12,653	1.74%	991
Sub-total [30000 - Miscellaneous]	37,566			47,626	1,588	25,631	27,555	4.36%	2,483
						[A]	[B]		
Totals	**519,297**			**545,211**	**36,437**	**169,030**	**174,987**	**100.00%**	**57,000**
						[EndBal] / [A]	[EndBal] / [B]		
Percent Funded						**175%**	**201%**		

00110 - Mechanical Equipment - Security System

100 - Entry Access System
w/keyless operator

Useful Life 20 | Remaining Life 2
Quantity 1 | Unit of Measure Fund
Cost /Fnd $11,846
% Included 100.00% | Total Cost/Study $11,846
Replacement Year 2016 | Future Cost $12,445

Summary

Line item includes the replacement of the operator and the control

01000 - Paving

100 - Asphalt: Seal Coat
34,000 Sq. Ft. roads- Sand Dollar Ln & Shoreline

Useful Life 5 | Remaining Life 2
Quantity 34,000 | Unit of Measure Square Feet
Cost /SqFt $0.041
% Included 100.00% | Total Cost/Study $1,402
Replacement Year 2016 | Future Cost $1,473

Summary

This is to apply a single coat asphalt emulsion product. Includes asphalt surface preparation prior to application. If a second coat is desired the cost is generally 10% to 20% higher.

01000 - Paving

200 - Asphalt: Repairs: Cut & Patch

3,400 Sq. Ft. roads- Sand Dollar Ln & Shoreline

Useful Life	5	Remaining Life	2
Quantity	3,400	Unit of Measure	Square Feet
Cost /SqFt	$4.74		
% Included	100.00%	Total Cost/Study	$16,110
Replacement Year	2016	Future Cost	$16,926

Summary

This is for miscellaneous repairs including crackfill, skin patching and minor dig out & fill.

311 - Asphalt: Resurface

5,490 Sq. Ft. Linda Vista

Useful Life	25	Remaining Life	2
Quantity	5,490	Unit of Measure	Square Feet
Cost /SqFt	$5.92		
% Included	100.00%	Total Cost/Study	$32,517
Replacement Year	2016	Future Cost	$34,163

Summary

This line item is included for budget purposes only. No funding has been set aside in this report at the request of the HOA.

01000 - Paving

762 - Pathways
Upper Pathways Repair Fund

Useful Life	5	Remaining Life	0
Quantity	1	Unit of Measure	Fund
Cost /Fnd	$4,264		
% Included	100.00%	Total Cost/Study	$4,264
Replacement Year	2014	Future Cost	$4,264

Summary

This line item is a repair fund established to have funds available to maintain/repair the lower pathways every 5 years.

763 - Pathways
Upper Pathways Seal Coat

Useful Life	5	Remaining Life	0
Quantity	1	Unit of Measure	Fund
Cost /Fnd	$1,077		
% Included	100.00%	Total Cost/Study	$1,077
Replacement Year	2014	Future Cost	$1,077

Summary

This line item is to seal the lower pathways every 5 years.

764 - Pathways
Lower Pathways Repair Fund

Useful Life	5	Remaining Life	0
Quantity	1	Unit of Measure	Fund
Cost /Fnd	$17,117		
% Included	100.00%	Total Cost/Study	$17,117
Replacement Year	2014	Future Cost	$17,117

Summary

This line item is a repair fund established to have funds available to maintain/repair the lower pathways every 5 years. This line item is in addition to the annual fund established in a separate line item.

01000 - Paving

765 - Pathways
Lower Pathways Seal Coat

Useful Life	5	Remaining Life	0
Quantity	1	Unit of Measure	Fund
Cost /Fnd	$4,281		
% Included	100.00%	Total Cost/Study	$4,281
Replacement Year	2014	Future Cost	$4,281

Summary

This line item is to seal the lower pathways every 5 years.

01500 - Siding/Trim (Repair/Replace)

190 - Gazebo (Wood)
Entrance

Useful Life	20	Remaining Life	16
Quantity	1	Unit of Measure	Fund
Cost /Fnd	$7,000		
% Included	100.00%	Total Cost/Study	$7,000
Replacement Year	2030	Future Cost	$10,391

Summary

190 - Gazebo (Wood)
Lower Pathway

Useful Life	20	Remaining Life	15
Quantity	1	Unit of Measure	Items
Cost /Itm	$2,627		
% Included	100.00%	Total Cost/Study	$2,627
Replacement Year	2029	Future Cost	$3,804

Summary

02500 - Landings/Stairs/Railings

000 - Stair Structure

North Stairway

Useful Life	25	Remaining Life	21
Quantity	1	Unit of Measure	Fund
Cost /Fnd	$54,921		
% Included	100.00%	Total Cost/Study	$54,921
Replacement Year	2035	Future Cost	$92,245

Summary

001 - Stair Structure

South Stairway

Useful Life	25	Remaining Life	21
Quantity	1	Unit of Measure	Fund
Cost /Fnd	$54,921		
% Included	100.00%	Total Cost/Study	$54,921
Replacement Year	2035	Future Cost	$92,245

Summary

100 - Stair Treads

Treads & Handrails Repair Fund

Useful Life	1	Remaining Life	0
Quantity	1	Unit of Measure	Fund
Cost /Fnd	$3,152		
% Included	100.00%	Total Cost/Study	$3,152
Replacement Year	2014	Future Cost	$3,152

Summary

This is for miscellaneous repairs to the treads and handrails on the beach access stairs. This does not include any structural repairs. See separate line items within this study for structural repairs.

18000 - Landscaping

420 - General Repairs/Upgrades

Annual Upgrade/Maintenance Fund

Useful Life	1	Remaining Life	0
Quantity	1	Unit of Measure	Fund
Cost /Fnd	$269		
% Included	100.00%	Total Cost/Study	$269
Replacement Year	2014	Future Cost	$269

Summary

This is to perform annual upgrade/maintenance to the landscaped areas.

500 - Tree Maintenance

Pruning/Maintenance

Useful Life	3	Remaining Life	2
Quantity	1	Unit of Measure	Fund
Cost /Fnd	$2,627		
% Included	100.00%	Total Cost/Study	$2,627
Replacement Year	2016	Future Cost	$2,760

Summary

This is to prune, remove and replace trees as needed to enhance the association's landscaping and to avoid branch and root damage to nearby objects. This is in excess of the operating budget.

19000 - Fencing (Repair/Replace)

300 - Wood

45 Lin. Ft. Area "F"	Useful Life	15	Remaining Life	14	
	Quantity	45	Unit of Measure	Linear Feet	
	Cost /l.f.	$47.28			
	% Included	100.00%	Total Cost/Study	$2,128	
Summary	Replacement Year	2028	Future Cost	$3,006	

This is to replace the wood fencing including discarded fence material removal and disposal.

19500 - Retaining Wall

101 - Wood

North Stairway	Useful Life	35	Remaining Life	22	Treatment	[nr:1]
	Quantity	1	Unit of Measure	Fund		
	Cost /Fnd	$12,923				
	% Included	100.00%	Total Cost/Study	$12,923		
Summary	Replacement Year	2036	Future Cost	$22,247		

102 - Wood

Area C repair fund	Useful Life	1	Remaining Life	0
	Quantity	1	Unit of Measure	Fund
	Cost /Fnd	$1,327		
	% Included	100.00%	Total Cost/Study	$1,327
Summary	Replacement Year	2014	Future Cost	$1,327

21000 - Signage

104 - Entrance Signage

Repair/Upgrade	Useful Life	10	Remaining Life	9
	Quantity	1	Unit of Measure	Items
	Cost /Itm	$5,384		
	% Included	100.00%	Total Cost/Study	$5,384
Summary	Replacement Year	2023	Future Cost	$6,724

23000 - Misc. Mechanical Equipment

900 - Sewer System

Generator Housing (Stainless Steel)	Useful Life	5	Remaining Life	2
	Quantity	1	Unit of Measure	Items
	Cost /Itm	$5,384		
	% Included	100.00%	Total Cost/Study	$5,384
Summary	Replacement Year	2016	Future Cost	$5,657

901 - Sewer System

Generator	Useful Life	20	Remaining Life	16
	Quantity	1	Unit of Measure	Items
	Cost /Itm	$53,845		
	% Included	100.00%	Total Cost/Study	$53,845
Summary	Replacement Year	2030	Future Cost	$79,933

902 - Sewer System

4 Sewer Pumps	Useful Life	10	Remaining Life	7
	Quantity	4	Unit of Measure	Items
	Cost /Itm	$1,615		
	% Included	100.00%	Total Cost/Study	$6,461
Summary	Replacement Year	2021	Future Cost	$7,681

903 - Sewer System

833 Lin. Ft. Pipe Replacement	Useful Life	40	Remaining Life	36
	Quantity	833	Unit of Measure	Linear Feet
	Cost /l.f.	$156		
	% Included	100.00%	Total Cost/Study	$130,072
Summary	Replacement Year	2050	Future Cost	$316,405

23000 - Misc. Mechanical Equipment

904 - Sewer System
Sewer Tank Re-lining

Useful Life	30	Remaining Life	27
Quantity	1	Unit of Measure	Fund
Cost /Fnd	$32,307		
% Included	100.00%	Total Cost/Study	$32,307
Replacement Year	2041	Future Cost	$62,927

Summary

905 - Sewer System
Drainage Pump (Area B)

Useful Life	20	Remaining Life	17
Quantity	1	Unit of Measure	Fund
Cost /Fnd	$7,538		
% Included	100.00%	Total Cost/Study	$7,538
Replacement Year	2031	Future Cost	$11,470

Summary

30000 - Miscellaneous

006 - Sea Wall
30 Lin. Ft. HOA Responsibility

Useful Life	30	Remaining Life	11
Quantity	30	Unit of Measure	Linear Feet
Cost /l.f.	$727		
% Included	100.00%	Total Cost/Study	$21,807
Replacement Year	2025	Future Cost	$28,613

Summary

210 - Storage Shed
Maintenance Yard

Useful Life	30	Remaining Life	3	Treatment	[se:10]
Quantity	1	Unit of Measure	Fund		
Cost /Fnd	$15,759				
% Included	100.00%	Total Cost/Study	$15,759		
Replacement Year	2017	Future Cost	$19,013		

Summary

This fund is for the maintenance of the storage shed at the maintenance yard.

Component Tabular Listing Included Components

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Prepared for the 2015 Fiscal Year
Included Components

Component	Current Replacement Cost	Useful Life	Remaining Life	Quantity	Cost/ U of M	Treatment	Location
00110 - Mechanical Equipment - Security System							
100 - Entry Access System	$11,846	20	2	1	$11,846/Fnd		w/keyless operator
01000 - Paving							
100 - Asphalt: Seal Coat	$1,402	5	2	34,000	$.04/SqFt		roads- Sand Dollar Ln & Shoreline
200 - Asphalt: Repairs: Cut & Patch	$16,110	5	2	3,400	$4.74/SqFt		roads- Sand Dollar Ln & Shoreline
311 - Asphalt: Resurface	$32,517	25	2	5,490	$5.92/SqFt		Linda Vista
762 - Pathways	$4,264	5	0	1	$4,264/Fnd		Upper Pathways Repair Fund
763 - Pathways	$1,077	5	0	1	$1,077/Fnd		Upper Pathways Seal Coat
764 - Pathways	$17,117	5	0	1	$17,117/Fnd		Lower Pathways Repair Fund
765 - Pathways	$4,281	5	0	1	$4,281/Fnd		Lower Pathways Seal Coat
01500 - Siding/Trim (Repair/Replace)							
190 - Gazebo (Wood)	$7,000	20	16	1	$7,000/Fnd		Entrance
190 - Gazebo (Wood)	$2,627	20	15	1	$2,627/Itm		Lower Pathway
02500 - Landings/Stairs/Railings							
000 - Stair Structure	$54,921	25	21	1	$54,921/Fnd		North Stairway
001 - Stair Structure	$54,921	25	21	1	$54,921/Fnd		South Stairway
100 - Stair Treads	$3,152	1	0	1	$3,152/Fnd		Treads & Handrails Repair Fund
18000 - Landscaping							
420 - General Repairs/Upgrades	$269	1	0	1	$269/Fnd		Annual Upgrade/Maintenance Fund
500 - Tree Maintenance	$2,627	3	2	1	$2,627/Fnd		Pruning/Maintenance
19000 - Fencing (Repair/Replace)							
300 - Wood	$2,128	15	14	45	$47.28/l.f.		Area "F"
990 - Miscellaneous	$10,230	20	17	1	$10,230/LS	[nr:]	Maintenance Yard
19500 - Retaining Wall							
101 - Wood	$12,923	35	22	1	$12,923/Fnd	[nr:1]	North Stairway
102 - Wood	$1,327	1	0	1	$1,327/Fnd		Area C repair fund
21000 - Signage							
104 - Entrance Signage	$5,384	10	9	1	$5,384/Itm		Repair/Upgrade

Component	Current Replacement Cost	Useful Life	Remaining Life	Quantity	Cost/ U of M	Treatment	Location
23000 - Misc. Mechanical Equipment							
900 - Sewer System	$5,384	5	2	1	$5,384/Itm		Generator Housing (Stainless Steel)
901 - Sewer System	$53,845	20	16	1	$53,845/Itm		Generator
902 - Sewer System	$6,461	10	7	4	$1,615/Itm		Sewer Pumps
903 - Sewer System	$130,072	40	36	833	$156/l.f.		Pipe Replacement
904 - Sewer System	$32,307	30	27	1	$32,307/Fnd		Sewer Tank Re-lining
905 - Sewer System	$7,538	20	17	1	$7,538/Fnd		Drainage Pump (Area B)
30000 - Miscellaneous							
006 - Sea Wall	$21,807	30	11	30	$727/l.f.		HOA Responsibility
210 - Storage Shed	$15,759	30	3	1	$15,759/Fnd	[se:10]	Maintenance Yard

Expenditures by Year - Next 3 Years

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Prepared for the 2015 Fiscal Year

Reserve Component	Useful Life	Current Replacement Cost	Forecast Inflated Cost @ 2.50%
2014			
01000 - Paving			
762 - Pathways Upper Pathways Repair Fund	5	4,264	
763 - Pathways Upper Pathways Seal Coat	5	1,077	
764 - Pathways Lower Pathways Repair Fund	5	17,117	
765 - Pathways Lower Pathways Seal Coat	5	4,281	
Total 01000 - Paving:		26,739	26,739
02500 - Landings/Stairs/Railings			
100 - Stair Treads Treads & Handrails Repair Fund	1	3,152	
18000 - Landscaping			
420 - General Repairs/Upgrades Annual Upgrade/Maintenance Fund	1	269	
19500 - Retaining Wall			
102 - Wood Area C repair fund	1	1,327	
Total 2014:		31,487	
2015			
02500 - Landings/Stairs/Railings			
100 - Stair Treads Treads & Handrails Repair Fund	1	3,152	3,231
18000 - Landscaping			
420 - General Repairs/Upgrades Annual Upgrade/Maintenance Fund	1	269	276
19500 - Retaining Wall			
102 - Wood Area C repair fund	1	1,327	1,360
Total 2015:		4,748	4,867
2016			
00110 - Mechanical Equipment - Security System			
100 - Entry Access System w/keyless operator	20	11,846	12,445
01000 - Paving			
100 - Asphalt: Seal Coat 34,000 Sq. Ft. roads- Sand Dollar Ln & Shoreline	5	1,402	1,473
200 - Asphalt: Repairs: Cut & Patch 3,400 Sq. Ft. roads- Sand Dollar Ln & Shoreline	5	16,110	16,926
311 - Asphalt: Resurface 5,490 Sq. Ft. Linda Vista	25	32,517	34,163
Total 01000 - Paving:		50,029	52,562

Reserve Component	*Life Useful*	*Current Replacement Cost*	*Forecast Inflated Cost @ 2.50%*
2016			
02500 - Landings/Stairs/Railings			
100 - Stair Treads Treads & Handrails Repair Fund	1	3,152	3,311
18000 - Landscaping			
420 - General Repairs/Upgrades Annual Upgrade/Maintenance Fund	1	269	283
500 - Tree Maintenance Pruning/Maintenance	3	2,627	2,760
Total 18000 - Landscaping:		2,896	3,043
19500 - Retaining Wall			
102 - Wood Area C repair fund	1	1,327	1,394
23000 - Misc. Mechanical Equipment			
900 - Sewer System Generator Housing (Stainless Steel)	5	5,384	5,657
Total 2016:		74,634	78,412

This report is intended to assist the auditor while preparing the audit, review or compilation of Sand Dollar Beach - Homeowner's (the "Association") financial documents.

Richard Avelar & Associates ("RA&A") prepared a reserve study for the Association during the 2014 fiscal year. This was done to help determine the Association's reserve contribution for the next fiscal year (2015) and future fiscal years. In addition, RA&A prepared the proper statutory disclosures for distribution to the Association members.

This reserve study is an Update w/o Site Visit Review. An **Update Without Site-Visit Review** is an update with no on-site visual observation upon where the following tasks are performed:

- life and valuation estimates;
- fund status;
- and a funding plan. Please note, as this study update did not require a site visit, and relied completely on the information provided, it is possible RA&A has never visited Sand Dollar Beach - Homeowner.

For RA&A reserve studies, the year in which the study is being conducted, is the first year of the study. For example, this study is being prepared during 2014 and is the Association's first year in the study. This enables RA&A to use a starting point which ties to the last audited financial statement, December 31, 2013. You will notice in *Section III, Reserve Fund Balance Forecast*, a Beginning Reserve Balance of $268,086 is being used which ties to the last completed audit or review of the Association's financial statements. RA&A then re-builds the first year of the study, in this case 2014, and estimates an ending reserve fund balance. Again, see *Section III* and the 2014 ending reserve balance estimate of $296,408.

"Re-building" the first year of the study as mentioned above simply means using the 2014 adopted budget for the 2014 reserve contribution. Finally, the 2014 reserve expenses both actual and projected are estimated.

We find by using the above method a more accurate reserve study is possible because the beginning reserve fund balance ties directly to the Association's audited financial statement or, in the absence of an audit or review, the year end balance sheet. There is no need to rely on others for determining mid year reserve balances or estimating current year ending reserve balances. This approach forces all involved, to look at the current year's reserve fund activities so a more accurate ending reserve fund balance can be estimated.

With respect to the reserve component information on the next page/s, here are the calculations:

FFB = Current Cost X Effective Age / Useful Life

% Funded = First Year Estimated Ending Reserve Balance / FFB

Please see *Section V - Reserve Fund Balance Forecast*.

Richard Avelar & Associates

Schedule of Supplementary Information for Auditor
Component Method

Draft_For Review Purposes
Prepared for the 2015 Fiscal Year

Reserve Component	Current Repl. Cost	Useful Life	Remaining Life	2014 Fully Funded Balance	2015 Fully Funded Balance	2015 Line Item Contribution based on Cash Flow Method
00110 - Mechanical Equipment - Security System						
100 - Entry Access System w/keyless operator	11,846	20	2	10,661	11,535	973
01000 - Paving						
100 - Asphalt: Seal Coat 34,000 Sq. Ft. roads- Sand Dollar Ln & Shoreline	1,402	5	2	841	1,150	461
200 - Asphalt: Repairs: Cut & Patch 3,400 Sq. Ft. roads- Sand Dollar Ln & Shoreline	16,110	5	2	9,666	13,210	5,296
311 - Asphalt: Resurface 5,490 Sq. Ft. Linda Vista	32,517	25	2	29,915	31,996	2,138
762 - Pathways Upper Pathways Repair Fund	4,264	5	0	4,264	874	1,334
763 - Pathways Upper Pathways Seal Coat	1,077	5	0	1,077	221	337
764 - Pathways Lower Pathways Repair Fund	17,117	5	0	17,117	3,509	5,355
765 - Pathways Lower Pathways Seal Coat	4,281	5	0	4,281	878	1,339
01500 - Siding/Trim (Repair/Replace)						
190 - Gazebo (Wood) Entrance	7,000	20	16	1,400	1,794	813
190 - Gazebo (Wood) Lower Pathway	2,627	20	15	657	808	298
02500 - Landings/Stairs/Railings						
000 - Stair Structure North Stairway	54,921	25	21	8,787	11,259	5,772
001 - Stair Structure South Stairway	54,921	25	21	8,787	11,259	5,772
100 - Stair Treads Treads & Handrails Repair Fund	3,152	1	0	3,152	3,231	4,931
18000 - Landscaping						
420 - General Repairs/Upgrades Annual Upgrade/Maintenance Fund	269	1	0	269	276	421
500 - Tree Maintenance Pruning/Maintenance	2,627	3	2	876	1,795	1,439
19000 - Fencing (Repair/Replace)						
300 - Wood 45 Lin. Ft. Area "F"	2,128	15	14	142	291	314
990 - Miscellaneous Maintenance Yard[nr:]	10,230	20	17	1,535	2,097	0
19500 - Retaining Wall						
101 - Wood North Stairway[nr:1]	12,923	35	22	4,800	5,298	994
102 - Wood Area C repair fund	1,327	1	0	1,327	1,360	2,075
21000 - Signage						
104 - Entrance Signage Repair/Upgrade	5,384	10	9	538	1,104	1,052
23000 - Misc. Mechanical Equipment						
900 - Sewer System Generator Housing (Stainless Steel)	5,384	5	2	3,231	4,415	1,770
901 - Sewer System Generator	53,845	20	16	10,769	13,798	6,252
902 - Sewer System	6,461	10	7	1,938	2,649	1,202

Reserve Component	*Current Repl. Cost*	*Useful Life*	*Remaining Life*	*2014 Fully Funded Balance*	*2015 Fully Funded Balance*	*2015 Line Item Contribution based on Cash Flow Method*
23000 - Misc. Mechanical Equipment						
4 Sewer Pumps						
903 - Sewer System 833 Lin. Ft. Pipe Replacement	130,072	40	36	13,007	16,666	0
904 - Sewer System Sewer Tank Re-lining	32,307	30	27	3,231	4,415	3,281
905 - Sewer System Drainage Pump (Area B)	7,538	20	17	1,131	1,545	897
30000 - Miscellaneous						
006 - Sea Wall 30 Lin. Ft. HOA Responsibility	21,807	30	11	13,811	14,901	1,492
210 - Storage Shed Maintenance Yard[se:10]	1,576	30	3	1,418	1,508	99
210 - Storage Shed Maintenance Yard[se:10]	1,576	30	4	1,366	1,454	99
210 - Storage Shed Maintenance Yard[se:10]	1,576	30	5	1,313	1,400	99
210 - Storage Shed Maintenance Yard[se:10]	1,576	30	6	1,261	1,346	99
210 - Storage Shed Maintenance Yard[se:10]	1,576	30	7	1,208	1,292	99
210 - Storage Shed Maintenance Yard[se:10]	1,576	30	8	1,156	1,238	99
210 - Storage Shed Maintenance Yard[se:10]	1,576	30	9	1,103	1,185	99
210 - Storage Shed Maintenance Yard[se:10]	1,576	30	10	1,051	1,131	99
210 - Storage Shed Maintenance Yard[se:10]	1,576	30	11	998	1,077	99
210 - Storage Shed Maintenance Yard[se:10]	1,576	30	12	946	1,023	99
				[A]	[B]	
Totals	**519,297**			**169,030**	**174,987**	**57,000**
				[EndBal] [A]	[EndBal] [B]	
Percent Funded				**175%**	**201%**	

Terms & Definitions CAI

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 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, a review of established association precedents, and discussion with appropriate representative(s) of the association or cooperative.

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method.

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. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

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

CURRENT REPLACEMENT COST: See "Replacement Cost."

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

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 current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which 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 together for an association total. Two formulae can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

FFB = Current Cost X Effective Age / Useful Life

or

FFB = (Current Cost X Effective Age / Useful Life) +
[(Current Cost X Effective Age / Useful Life) / (1 + *Interest* Rate) ^ Remaining Life] -
[(Current Cost X Effective Age / Useful Life) / (1 + *Inflation* Rate) ^ Remaining Life]

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

Baseline Funding:	Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.
Full Funding:	Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.
Statutory Funding:	Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statues.
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."

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

FUNDING PRINCIPLES:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- 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 of time (typically the beginning of the Fiscal Year), of the *actual (or projected)* Reserve Balance to the *Fully Funded Balance*, expressed as a percentage.

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 continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts and Cash Reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual that prepares Reserve Studies.

RESERVE STUDY: A budget planning tool which identifies 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 in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which 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 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:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

SPECIAL ASSESSMENT: An assessment levied on the members of an association 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. See "Deficit."

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

The above terms and definitions are from the Community Associations Institute (CAI) national standards.

Terms & Definitions RA

Richard Avelar & Associates reserve studies use several terms that are unique to our reports. Our specialized systems have been developed to offer flexibility in many areas of our reporting. Please see below for definitions of abbreviations and symbols used in many of our reserve studies.

NR-1 (LIMITED RECURRENCE, 1 TIME): This signifies a major reserve component recurs for only a fixed number of cycles. Most often used to display a cost in a specific year only, NR-1 signifies the component only occurs one time. An NR-2 means the component will display for two cycles and so on. This makes it easy to enter one-time costs that pop up from time to time, or to display a cost that may be unique at one replacement date only.

SE-2 (SPREAD EVENLY OVER 2 YEARS): This signifies the major component, when replaced is spread evenly over 2 or more years. For example if a component will be replaced in year 8 of the study, and there is a SE-2, then the component will be replaced over 2 years, year 8 and year 9. Although the component is split over 2 or more years, each subsequent year will increase by the study's inflation factor. An SE-3 signifies the component is split over three years and so on.

NSE-2 (SPREAD NON-EVENLY OVER 2 YEARS): Similar to above, but the spread is not equal in each year. The spread is entered at a different amount for each year in the spread. The total of the spread will always equal 100% of the total replacement cost, excluding inflation.

% (PERCENT TO INCLUDE): This signifies that the component is being replaced at less than 100 percent of its replacement cost or quantity. Perhaps a component is replaced partially at each replacement year. Another example would be to do a small portion of the work at each replacement year. Oftentimes wood fencing is replaced over several cycles, and the study will display a percentage of the fence at each replacement cycle.

DELAYED START (REMAINING LIFE GREATER THAN USEFUL): In many instances a component's replacement cycle may not begin immediately, so the replacement cycle start is delayed. Delay is accomplished by setting the remaining life greater than the useful life.

ZERO REMAINING LIFE: Zero remaining life signifies that the component is replaced in the year which the study is prepared. All replacements are reflected in their replacement year, and the year in which the study is prepared is no different than any other year.

RICHARD AVELAR & ASSOCIATES

ARCHITECTS

RESERVE STUDY

Member Distribution Materials

Sand Dollar Beach - Homeowner

Update w/o Site Visit Review

Draft_For Review Purposes

Published - February 11, 2014

Prepared for the 2015 Fiscal Year

Professionally managed by

Shoreline Property Management
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California Homeowner Summary

Draft_For Review Purposes
Prepared for the 2015 Fiscal Year

February 11, 2014

This is a summary of the Reserve Study that has been performed for Sand Dollar Beach - Homeowner, (the "Association"). This study was done in compliance with California Civil Code Section 5300 and 5500 and is being provided to you, as a member of the Association, as required under these statutes. A full copy is available (through the Association) for review by members of the Association.

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. This is done utilizing the "Cash Flow Method." This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund.

Richard Avelar & Associates prepared this Update w/o Site Visit Review for the January 1, 2015 - December 31, 2015 fiscal year.

Sand Dollar Beach - Homeowner is a Planned Development with a total of 87 Units.

The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

Funding Assessment

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

California statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

Reserve Component	*Current Replacement Cost*	*Useful Life*	*Remaining Life*	*2014 Fully Funded Balance*	*2015 Fully Funded Balance*	*2015 Line Item Contribution based on Cash Flow Method*
00110 - Mechanical Equipment - Security System	**11,846**	**20-20**	**2-2**	**10,661**	**11,535**	**973**
01000 - Paving	**76,769**	**5-25**	**0-2**	**67,162**	**51,838**	**16,260**
01500 - Siding/Trim (Repair/Replace)	**9,626**	**20-20**	**15-16**	**2,057**	**2,601**	**1,110**
02500 - Landings/Stairs/Railings	**112,995**	**1-25**	**0-21**	**20,727**	**25,748**	**16,475**
18000 - Landscaping	**2,896**	**1-3**	**0-2**	**1,145**	**2,071**	**1,860**
19000 - Fencing (Repair/Replace)	**12,358**	**15-20**	**14-17**	**1,676**	**2,388**	**314**
19500 - Retaining Wall	**14,249**	**1-35**	**0-22**	**6,127**	**6,658**	**3,070**
21000 - Signage	**5,384**	**10-10**	**9-9**	**538**	**1,104**	**1,052**
23000 - Misc. Mechanical Equipment	**235,608**	**5-40**	**2-36**	**33,307**	**43,488**	**13,402**
30000 - Miscellaneous	**37,566**	**30-30**	**3-11**	**25,631**	**27,555**	**2,483**
Totals	**$519,297**			**$169,030**	**$174,987**	**$57,000**
Estimated Ending Balance				**$296,408**	**$351,766**	**$54.60** /Unit/month @ 87
Percent Funded				**175.4%**	**201.0%**	

California Assessment and Reserve Funding Disclosure Summary 2015

Draft_For Review Purposes

February 11, 2014

(1) The regular assessment per ownership interest is ____________ per month for the fiscal year beginning January 1, 2015.

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ___ of the attached summary.

(2) Additional regular or special 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 will be due:	Amount per ownership interest per month or year (if assessments are variable, see note immediately below):	Purpose of the assessment:
N/A	$0.00	N/A
Total:	$0.00	

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ___ of the attached report.

(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___**X**___No______

This disclosure has been prepared by Richard Avelar & Associates and has been reviewed and approved by the association's board of directors based upon the best information available to the association at the time of its preparation. The accuracy of this information over the next 30 years will be dependent upon circumstances which are impossible to predict with specificity, and will require future action to adjust assessments over the period in accordance with the current projections and future developments.

(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 ownership interest per month or year:
N/A	N/A

(5) All major components are included in the reserve study and are included in its calculations. See next page §5300(b)(4), for any major component exclusions.

(6) Based on the method of calculation in paragraph (4) of the subdivision (b) of section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is $169,030, based in whole or in part on the last reserve study or update prepared by Richard Avelar & Associates as of February, 2014. The projected reserve fund cash balance at the end of the current fiscal year is $296,408 resulting in reserves being 175% percent funded at this date.

An alternate and generally accepted method of calculation has been utilized to determine future reserve contribution amounts. The reserve contribution for the next fiscal year has been determined using the Cash Flow method of calculation (see section III, Reserve Fund Balance Forecast). This is a method of developing a reserve funding plan where the contributions to the reserve fund are designated 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.

(7) Based on the method of calculation in paragraph (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 is presented in column (b) 'Fully Funded Balance' in the table immediately below; and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is presented in column (c) 'Reserve Ending Balance'; leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

Fiscal Year (a)	Fully Funded Balance (b)	Reserve Ending Balance (c)	Percent Funded (d)
2015	$174,987	$351,766	201.0%
2016	$209,229	$333,764	159.5%
2017	$169,813	$387,543	228.2%
2018	$203,698	$441,688	216.8%
2019	$239,171	$462,809	193.5%

If the reserve funding plan approved by the association is implemented, the projected fund cash balance in each of those years will be the amounts presented in column (c) 'Reserve Ending Balance' in the table immediately above, leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

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 interest rate earned on reserve funds was 1.00% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.50% per year.

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of December 31, 2015 is zero dollars per ownership interest (average).

This is calculated as the current estimate of the amount of cash reserves necessary as of the end of the fiscal year for which the study is prepared, less, the amount of accumulated cash reserves actually (Projected to be) set aside to repair, replace, restore, or maintain the major components.

Deficiency = $\dfrac{\textit{2015 Fully Funded Balance - 2015 Reserve Ending Balance}}{\textit{Ownership Interest Quantity}}$

§5300(b)(4) The current board of directors of the association has not deferred or determined to not undertake repairs or replacements over the next 30 years.

Major Component:	Justification for Deferral:
N/A	N/A

§5300(b)(5) The board of directors as of the date of the study does not anticipate the levy of a special assessment for the repair, replacement, or restoration of the major components.

30 Year Reserve Funding Plan Cash Flow Method

Draft_For Review Purposes
Prepared for the 2015 Fiscal Year

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beginning Balance	268,086	296,408	351,766	333,764	387,543	441,688	462,809	517,351	537,183	588,880
Inflated Expenditures @ 2.5%	31,487	4,867	78,412	6,810	6,980	40,379	7,334	42,415	10,905	14,622
Reserve Contribution	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000
Units/month @ 87	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*
Percentage Increase		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.00%	2,808	3,225	3,411	3,589	4,126	4,500	4,876	5,246	5,602	6,101
Ending Balance	296,408	351,766	333,764	387,543	441,688	462,809	517,351	537,183	588,880	637,359

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Beginning Balance	637,359	658,482	681,794	706,402	764,173	815,607	831,394	799,134	796,710	854,520
Inflated Expenditures @ 2.5%	42,323	40,356	39,299	6,545	13,426	49,407	97,372	67,364	7,405	16,198
Reserve Contribution	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000
Units/month @ 87	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*
Percentage Increase	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.00%	6,447	6,668	6,906	7,316	7,860	8,194	8,112	7,940	8,215	8,749
Ending Balance	658,482	681,794	706,402	764,173	815,607	831,394	799,134	796,710	854,520	904,072

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Beginning Balance	904,072	914,219	787,219	761,692	813,516	870,306	877,627	929,604	802,527	858,311
Inflated Expenditures @ 2.5%	55,899	192,464	90,233	13,013	8,588	58,375	14,013	192,695	9,479	30,464
Reserve Contribution	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000
Units/month @ 87	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*	*54.60*
Percentage Increase	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.00%	9,046	8,465	7,706	7,837	8,377	8,696	8,991	8,618	8,263	8,716
Ending Balance	914,219	787,219	761,692	813,516	870,306	877,627	929,604	802,527	858,311	893,563