

# **RESERVE FUNDING STUDY UPDATE**

## **FOR**

### **MONTELENA OF MOUNTAIN VIEW HOMEOWNERS ASSOCIATION**

**Fiscal Year 2025 - 2026**



**ANDERSON PROPERTY GROUP, INC.**

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# RESERVE FUNDING STUDY UPDATE

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This report documents the performance of a Reserve Funding Study Update by the Anderson Property Group, Inc. for the **Montelena of Mountain View Homeowners Association**. It provides an analysis of the repair and replacement requirement for the Association's major components and recommends a funding plan to meet those obligations. This update was performed in compliance with California Civil Codes §5550 and §5560. The essential elements of this legislation are:

1. Identification of the major components which the Association is obligated to maintain.
2. Current estimate of the useful life of each component
3. Current estimate of the remaining life of each component
4. Current estimate of the replacement cost of each component
5. Current estimate of the total Annual Reserve Contribution necessary to maintain the major components
6. Current estimate of the amount of cash reserves necessary to maintain the major components
7. Disclosure of the current amount of accumulated cash reserves actually funded
8. Disclosure of the percentage of reserves actually funded
9. Disclosure of any determined or anticipated Special Assessments
10. A general statement of methodology

## **SCOPE**

This Update is aligned with the Association's fiscal year and establishes November 1, 2025, through October 31, 2055, as the period of time for which reserve expenditures and reserve fund balances are projected. For clarity purposes only the first 20 years are displayed.

## **METHODOLOGY**

A cash flow methodology was used to determine the Annual Reserve Contribution. The underlying premise of this reserve funding approach is to establish a contribution level that will allow the Association to maintain a positive balance in the Reserve Fund while meeting all anticipated obligations. The cash flow method allows the Association achieve this goal without unnecessarily overfunding reserves. Also, as the projected interest earned on the Reserve Fund will not totally offset inflation, projections were made using an indexed inflation factor and an average interest rate on fully insured certificates of deposit.

This Update utilized the list of major components developed by John H. Beatty & Associates, Inc. for the Association in a previous Reserve Study. In that Study, and in this Update, certain assumptions were made about costs, conditions, and future events and circumstances which may occur. Some assumptions inevitably will *not* materialize and unanticipated events and circumstances may occur subsequent to the date of this Update. Therefore, the actual replacement costs and remaining lives may vary from this report and those variations could be material. All life expectancies were based on reasonable industry experience for equipment and material and, unless specifically noted, all components were in a reasonable and ordinary condition.

No inspection was conducted of the major components in the preparation of this Update. Information utilized to update the Reserve Study was obtained from the Board of Directors and the Association's records.

Since no destructive testing was undertaken, this Update does not purport to address any latent and/or patent defects, nor does it address any life expectancies which are abnormally short due to either improper design or installation, or to subsequent improper maintenance. It is assumed that all components are to be reasonably maintained for the remainder of their life expectancy.

For a component to be included in this Update, the following criteria must be met:

1. The maintenance of the component is the responsibility of the Association;
2. The maintenance of the component is not included in the Annual Operating Budget;
3. Maintenance is non-annual and typically the estimated useful life of the component is greater than one year; and
4. The estimated remaining life of the component is less than 30 years.

This Update is intended to reflect the *estimated* replacement cost of the components and is not intended to project the actual cost of the work when performed. This limitation is necessary as it is virtually impossible to predict with any degree of certainty the myriad factors that will impact costs at a future date. Because of this qualification, it is necessary for the results of this Study to be reviewed annually to reflect any meaningful changes in use or significant increases in labor and/or materials costs.

This study contains a 5% unscheduled or contingency funding allocation, which is a percentage of the total Annual Contribution to reserves. This fund provides for any unforeseen or out of the ordinary repair or replacement expense. Additionally, it can be used in subsequent years as a source of funds for reallocation of the life cycles should any components be abnormally accelerated.

## ***FINDINGS***

The findings of this study indicate that it will be necessary to increase the Annual Reserve Contribution by 5.7% in 2026 and annually thereafter through 2042. Subsequent 2% annual increases are anticipated to be necessary in order to meet projected expenditures and keep pace with inflation. These findings are based upon the following:

1. Reserve fund balance as of November 1, 2025 ..... \$478,816
2. Reserve contribution for fiscal year 2025/20 ..... 55,927
3. Assumed annual inflation rate..... 3.25%
4. All "after tax" interest earned on reserve fund investments will be retained in the reserve fund.

## DISCLOSURES

This Funding Plan provides adequate funds to meet projected expenditures without relying on Special Assessments or Increases in regular assessments that require a vote of the membership. Based on the assumption that the Association will fund reserves in accordance with this plan, which includes those increases indicated above, the percent funded was calculated in the following manner:

### Accumulated Cash Reserves (Numerator)

Reserve Balance as of November 1, 2025 .....	\$478,816
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### Accumulated Reserve Obligation (Denominator)

Cumulative amount of cash necessary to repair, Replace, restore or maintain the association's major Components as of November 1, 2025 .....	<u>\$331,600</u>
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Percent Funded.....	144.40%
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Although the Association is currently calculated as over 100% funded it is imperative that the prescribed increases are adopted in order to meet future funding obligations.

This Reserve Funding Study Update was reviewed and approved by the Montelena of Mountain View Homeowners Association Board of Directors.

# PROJECTED EXPENDITURES

		Current	Estimated	Fiscal Yr.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RESERVE COMPONENTS		Repair/Replace	Usfl	Nov 01 ...	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Assumed Annual Inflation Rate. 3.25%		Cost	Life	Oct 31 ...	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>BUILDING EXTERIORS:</b>														
1 - Stucco Siding Paint		136,344	12	7							170,556			
2 - Stucco Siding Repair	5%	15,413	12	7							19,280			
3 - Wood & Metal Trim Paint		47,128	6	7							58,953			
4 - Building Power Wash		12,000	6	7							15,011			
5 - Trellis Repairs		15,000	15	15										
<b>FENCING &amp; WALLS:</b>														
6 - 8' Masonry Wall Repair	15%	13,283	15	1	13,714									
7 - 12' Masonry Wall Repair	15%	7,059	15	1	7,288									
8 - Metal Tot Lot Fence		1,212	6	2		1,292						1,565		
9 - Wood Fence Replace	50%	17,615	12	10										24,254
<b>LANDSCAPING:</b>														
10 - Irrigation Timers		1,650	12	2		1,759								
11 - Irrigation System Repairs		16,500	15	2		17,590								
12 - Plant Stock		6,000	2	1	6,195		6,604		7,040		7,506		8,001	
13 - Tree Stock		7,500	2	1			8,255		8,801		9,382		10,002	
14 - Tree Removal		22,500	4	2		23,986				27,260				30,980
15 - Mulch Replacement		10,000	5	5					11,734					13,769
16 - Backflow Devices		6,500	25	2		6,929								
<b>MECHANICAL SYSTEMS - ELECTRICAL:</b>														
17 - Bollard Lights	33%	6,666	6	1	6,883						8,339			
18 - Building Lights Exterior		12,500	7	1	12,906							16,145		
19 - Pole Lights		30,000	12	10										41,307
<b>PAVED SURFACES:</b>														
20 - Asphalt Major Repair		163,063	30	11										
21 - Asphalt Repair & Seal		18,118	6	5					21,260					
22 - Driveways														
23 - Curb & Sidewalk Repair	15%	30,712	6	4				34,903						42,287
24 - Accent Paving	20%	22,518	10	6						27,282				
25 - Play Surface		9,900	8	3			10,897							
<b>RECREATION FACILITIES:</b>														
26 - Benches		13,650	12	2		14,552								
27 - Tot Lot		32,000	16	11										

# PROJECTED EXPENDITURES

		Current	Estimated	Fiscal Yr.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RESERVE COMPONENTS	Repair/Replace	Usfl	Rmng	Nov 01 ...	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Assumed Annual Inflation Rate. 3.25%	Cost	Life	Life	Oct 31 ...	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
ROOFING SYSTEM:														
28 - Gutters and Downspouts	50,000	16	6							60,577				
29 - Tile Shingles	20,008	8	6							24,241				
OTHER:														
30 - Common Area Power Wash	10,000	12	12											
31 - Mailboxes	6,500	20	16											
32 - Signage	3,500	6	1		3,614						4,378			
33 - Reserve Study	3,000	3	2			3,198			3,520			3,875		
UNSCHEDULED..... 5.0%	2,796				2,887	3,151	3,439	3,753	4,096	4,470	4,878	5,324	5,810	6,341
TOTAL EXPENDITURES					53,487	72,457	29,195	38,656	56,451	143,830	298,283	26,909	23,813	158,938

# PROJECTED EXPENDITURES

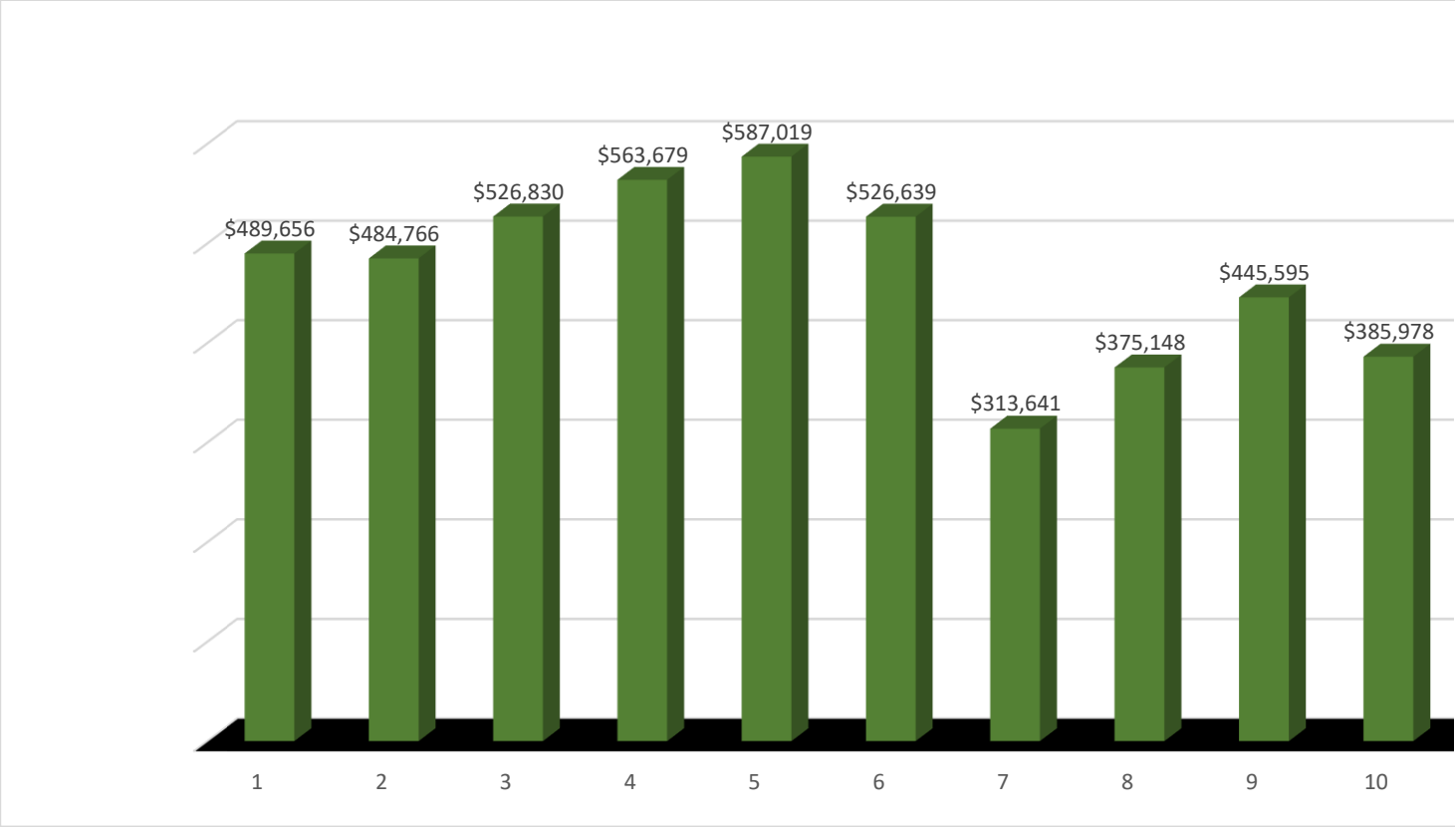
		Current	Estimated	Fiscal Yr.	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
RESERVE COMPONENTS		Repair/Replace	Usfl	Nov 01 ...	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Assumed Annual Inflation Rate. 3.25%		Cost	Life	Oct 31 ...	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
<b>BUILDING EXTERIORS:</b>														
1 - Stucco Siding Paint		136,344	12	7									250,350	
2 - Stucco Siding Repair	5%	15,413	12	7									28,300	
3 - Wood & Metal Trim Paint		47,128	6	7			71,424						86,534	
4 - Building Power Wash		12,000	6	7			18,187						22,034	
5 - Trellis Repairs		15,000	15	15					24,235					
<b>FENCING &amp; WALLS:</b>														
6 - 8' Masonry Wall Repair	15%	13,283	15	1						22,158				
7 - 12' Masonry Wall Repair	15%	7,059	15	1						11,776				
8 - Metal Tot Lot Fence		1,212	6	2				1,897						2,298
9 - Wood Fence Replace	50%	17,615	12	10										
<b>LANDSCAPING:</b>														
10 - Irrigation Timers		1,650	12	2				2,582						
11 - Irrigation System Repairs		16,500	15	2							28,419			
12 - Plant Stock		6,000	2	1	8,530		9,093		9,694		10,334		11,017	
13 - Tree Stock		7,500	2	1	10,662		11,367		12,117		12,918		13,771	
14 - Tree Removal		22,500	4	2				35,208				40,013		
15 - Mulch Replacement		10,000	5	5					16,157					18,958
16 - Backflow Devices		6,500	25	2										
<b>MECHANICAL SYSTEMS - ELECTRICAL:</b>														
17 - Bollard Lights	33%	6,666	6	1			10,103						12,240	
18 - Building Lights Exterior		12,500	7	1					20,196					
19 - Pole Lights		30,000	12	10										
<b>PAVED SURFACES:</b>														
20 - Asphalt Major Repair		163,063	30	11	231,817									
21 - Asphalt Repair & Seal		18,118	6	5	25,757						31,206			
22 - Driveways														
23 - Curb & Sidewalk Repair	15%	30,712	6	4						51,232				
24 - Accent Paving	20%	22,518	10	6						37,564				
25 - Play Surface		9,900	8	3	14,074								18,178	
<b>RECREATION FACILITIES:</b>														
26 - Benches		13,650	12	2				21,360						
27 - Tot Lot		32,000	16	11	45,493									

# PROJECTED EXPENDITURES

		Current	Estimated	Fiscal Yr.	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
RESERVE COMPONENTS	Repair/Replace	Usfl	Rmng	Nov 01 ...	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Assumed Annual Inflation Rate. 3.25%	Cost	Life	Life	Oct 31 ...	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
ROOFING SYSTEM:														
28 - Gutters and Downspouts	50,000	16	6											
29 - Tile Shingles	20,008	8	6					31,309						
OTHER:														
30 - Common Area Power Wash	10,000	12	12			14,678								
31 - Mailboxes	6,500	20	16							10,843				
32 - Signage	3,500	6	1				5,304						6,427	
33 - Reserve Study	3,000	3	2		4,265			4,694			5,167			5,688
UNSCHEDULED..... 5.0%	2,796				6,920	7,553	8,243	8,996	9,817	10,714	11,693	12,761	13,439	14,154
TOTAL EXPENDITURES					347,519	22,231	133,721	106,045	92,216	144,287	99,738	52,774	462,290	41,097

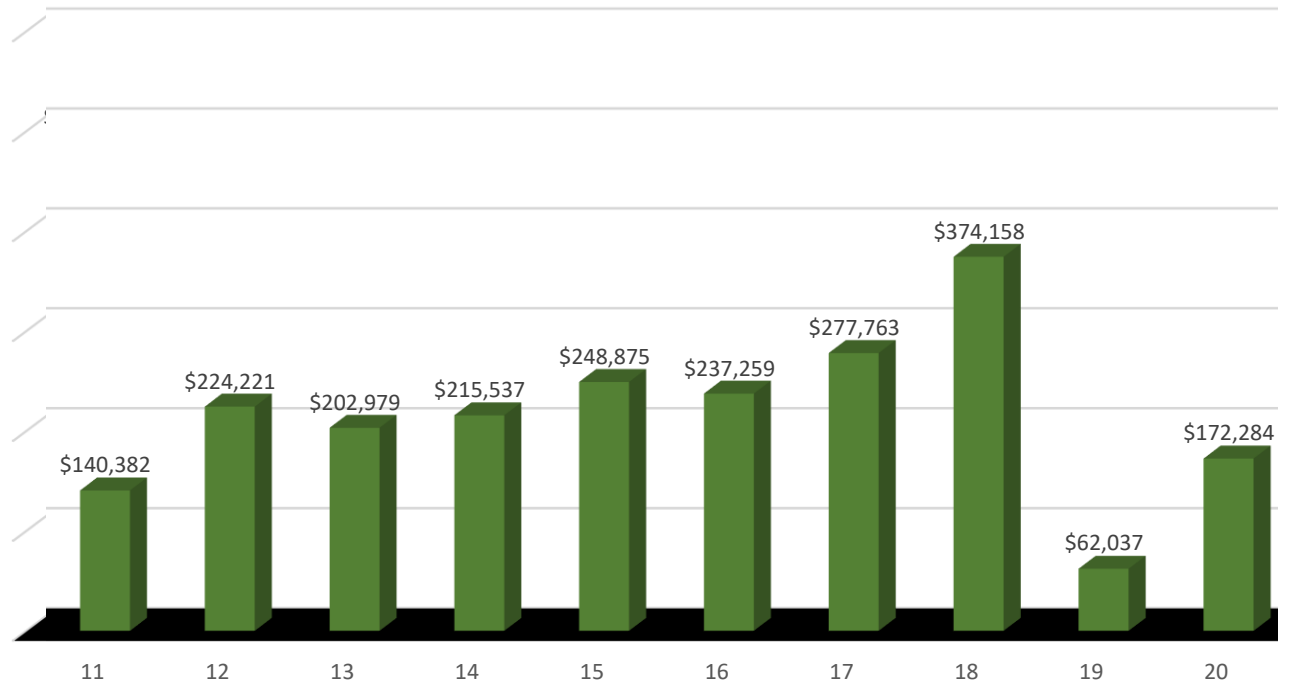


# PROJECTED BALANCES



	Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Nov 01 ....	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Oct 31 ...	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
BEGINNING BALANCE		478,816	489,656	484,766	526,830	563,679	587,019	526,639	313,641	375,148	445,595
EXPENDITURES (inflated \$)	3.25%	53,487	72,457	29,195	38,656	56,451	143,830	298,283	26,909	23,813	158,938
RESERVE CONTRIBUTION		55,927	59,115	62,484	66,046	69,811	73,790	77,996	82,442	87,141	92,108
Per Unit Per Month (47 units)		99.16	104.81	110.79	117.10	123.78	130.83	138.29	146.17	154.50	163.31
Percentage Increase to Reserves		(7.92)	5.70	5.70	5.70	5.70	5.70	5.70	5.70	5.70	5.70
Percentage Increase to Total Assessment		(2.6)	1.7	1.7	1.8	1.9	2.0	2.0	2.1	2.2	2.2
SPECIAL ASSESSMENTS		0	0	0	0	0	0	0	0	0	0
INTEREST AFTER TAX	1.75%	8,401	8,452	8,775	9,459	9,981	9,660	7,289	5,975	7,119	7,213
ENDING BALANCE		489,656	484,766	526,830	563,679	587,019	526,639	313,641	375,148	445,595	385,978

# PROJECTED BALANCES



	Fiscal Year	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
	Nov 01 ....	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
	Oct 31 ...	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
<b>BEGINNING BALANCE</b>		385,978	140,382	224,221	202,979	215,537	248,875	237,259	277,763	374,158	62,037
<b>EXPENDITURES (inflated \$)</b>	3.25%	347,519	22,231	133,721	106,045	92,216	144,287	99,738	52,774	462,290	41,097
<b>RESERVE CONTRIBUTION</b>		97,358	102,907	108,773	114,973	121,526	128,453	135,775	143,515	146,385	149,313
Per Unit Per Month (47 units)		172.62	182.46	192.86	203.85	215.47	227.75	240.74	254.46	259.55	264.74
Percentage Increase to Reserves		5.70	5.70	5.70	5.70	5.70	5.70	5.70	5.70	2.0	2.0
Percentage Increase to Total Assessment		2.3	2.4	2.5	2.6	2.6	2.7	2.8	2.9	1.0	1.0
<b>SPECIAL ASSESSMENTS</b>		0	0	0	0	0	0	0	0	0	0
<b>INTEREST AFTER TAX</b>	1.75%	4,566	3,163	3,706	3,630	4,028	4,217	4,467	5,655	3,784	2,033
<b>ENDING BALANCE</b>		<b>140,382</b>	<b>224,221</b>	<b>202,979</b>	<b>215,537</b>	<b>248,875</b>	<b>237,259</b>	<b>277,763</b>	<b>374,158</b>	<b>62,037</b>	<b>172,284</b>

# COMPONENT QUANTIFICATION

RESERVE COMPONENTS		Current	Estimated		Quantity	Unit of Measurement	Unit Cost	Remarks
Assumed Annual Inflation Rate. 3.25%	Repair/Replace	Cost	Usfl Life	Rmng Life				
BUILDING EXTERIORS:								
1 - Stucco Siding Paint		136,344	12	7	118,560	square feet	1.15	This category provides for the periodic repainting of the stucco siding and trim as well as minor repairs due to the painting preparation and caulking. This specifically pertains to Section 4.1 and 4.3(ii) of the CC&Rs.
2 - Stucco Siding Repair	5%	15,413	12	7	118,560	square feet	2.60	
3 - Wood & Metal Trim Paint		47,128	6	7	17,784	square feet	2.65	
4 - Building Power Wash		12,000	6	7	136,344	square feet	0.09	
5 - Trellis Repairs		15,000	15	15	1	fund	15,000	
FENCING & WALLS:								
6 - 8' Masonry Wall Repair	15%	13,283	15	1	1,265	linear feet	70.00	This category provides funds for repair and replacement of the Common Area fences and walls as described in Sections 4.1 and 4.3(ii) of the CC&Rs.
7 - 12' Masonry Wall Repair	15%	7,059	15	1	362	linear feet	130.00	
8 - Metal Tot Lot Fence		1,212	6	2	101	linear feet	12.00	
9 - Wood Fence Replace	50%	17,615	12	10	271	linear feet	130.00	
LANDSCAPING:								
10 - Irrigation Timers		1,650	12	2	1	timer	1,650	This category provides funds for the maintenance of the Common Area landscaping as described in Section 4.2 of the CC&Rs.
11 - Irrigation System Repairs		16,500	15	2	1	system	16,500	
12 - Plant Stock		6,000	2	1	1	fund	6,000	
13 - Tree Stock		7,500	2	1	1	fund	7,500	
14 - Tree Removal		22,500	4	2	1	fund	22,500	
15 - Mulch Replacement		10,000	5	5	1	fund	10,000	
16 - Backflow Devices		6,500	25	2	1	device	6,500	
MECHANICAL SYSTEMS - ELECTRICAL:								
17 - Bollard Lights	33%	6,666	6	1	4	lights	5,000	This category provides funds for the repair and replacement of the Common Area lighting.
18 - Building Lights Exterior		12,500	7	1	1	fund	12,500	
19 - Pole Lights		30,000	12	10	1	fund	30,000	
PAVED SURFACES:								
20 - Asphalt Major Repair		163,063	30	11	27,874	square feet	5.85	This category provides for the repair and replacement of the paved or hard surfaces as described in Section 4.3(i) of the CC&Rs.
21 - Asphalt Repair & Seal		18,118	6	5	27,874	square feet	0.65	
22 - Driveways								Driveways are the responsibility of the individual Lot Owner.
23 - Curb & Sidewalk Repair	20%	30,712	6	4	9,907	square feet	15.50	
24 - Accent Paving	20%	22,518	10	6	6,623	square feet	17.00	
25 - Play Surface		9,900	8	3	450	square feet	22.00	
RECREATIONAL FACILITIES & AMMENITIES:								
26 - Benches		13,650	12	2	7	benches	1,950	This category provides funds for the maintenance of various site fixtures.
27 - Tot Lot		32,000	16	11	1	structure	32,000	

# COMPONENT QUANTIFICATION

RESERVE COMPONENTS	Current	Estimated		Quantity	Unit of Measurement	Unit Cost	Remarks
	Repair/Replace	Usfl	Rmng				
Assumed Annual Inflation Rate. 3.25%	Cost	Life	Life				
ROOFING SYSTEM:							
28 - Gutters and Downspouts	50,000	16	6	1	fund	50,000	This category provides for repair and replacement as described in Section 4.3(ii) of the CC&Rs.
29 - Tile Shingles	20,008	8	6	44,463	square feet	0.45	
OTHER:							
30 - Common Area Power Wash	10,000	12	12	1	fund	10,000	This category provides funds for the maintenance of various site fixtures as well as periodically power washing to combat the soot from the adjacent trains.
31 - Mailboxes	6,500	20	16	1	fund	6,500	
32 - Signage	3,500	6	1	1	fund	3,500	This provides for updates to this study.
33 - Reserve Study	3,000	3	2	1	study	3,000	