

RESERVE STUDY SUMMARY

Update with Site-Visit/On-Site Review

Northridge at Danville

OWNERS ASSOCIATION

Prepared
September 26, 2024

for
Fiscal Year 2025



John D. Beatty & Company

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Reserve Study Summary

This report documents the results of an Update with Site-Visit/On-Site Review performed by John D. Beatty & Company for the following Single Family Home Community:

Northridge at Danville Owners Association

Danville, California

It provides an analysis of the repair and replacement requirements for the association's major components and recommends a funding plan to meet those obligations. This study was performed in compliance with California Civil Code sections 4178, 5300, 5550, 5560 & 5565. The intent of this legislation is to insure that the association maintains a plan to meet all future obligations for major component maintenance. 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 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 study is aligned with the association's fiscal year and establishes January 1, 2025 through December 31, 2034 as the period of time for which reserve expenditures and reserve fund balances are projected.

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 maintenance obligations. The cash flow method allows the association to achieve this goal without the unnecessary overfunding of reserves. Also, as the interest earned on the reserve fund will not totally offset inflation, projections were made using the current inflation factor and an average interest rate on fully insured certificates of deposit.

In preparing this study, a comprehensive list of major components was developed and information was compiled on the type, number, age and cost of each of these components. In gathering this data, certain assumptions were made about costs, conditions, and future events and circumstances that may occur. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this report. Therefore, the actual replacement costs and remaining lives may vary from this report and the 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.

This study was limited to a visual inspection of a reasonable sampling of components, and, as such, did not disturb the major components. Therefore, all common areas for which there is no access without defacement are specifically omitted. However, if sufficient historical data were available that would allow a reasonable projection of future expenditures for any unobservable components e.g., plumbing or electrical wiring, those components could be included in this report.

Since no destructive testing was undertaken, this study does not purport to address any latent and/or patent defects, nor does it address any life expectancies that 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 study, 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 . 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 study 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.

The funding for this study has a threshold margin of 15%. This means that the projected ending balance for each fiscal year is at least 15% of the projected expenditures for the same year. This margin provides a contingency 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 the aging of any components be abnormally accelerated.

FINDINGS

The findings of this study indicate that it will be necessary to adjust the annual reserve contribution as indicated on pages 6-8 of this report in order to meet projected expenditures and keep pace with inflation. These findings are based on the following:

- 1 . Projected reserve fund balance as of January 1, 2025 \$ 155,000
- 2 . Reserve contribution for fiscal year 2024 \$ 186,200
- 3 . Reserve contribution for fiscal year 2025 \$ 186,200
- 4 . Assumed annual inflation rate 3.0%
- 5 . All "after tax" interest earned on reserve fund investments will be retained in the reserve fund.

DISCLOSURES

John D. Beatty & Company (JDB) verifies herein that any financial or other interests, whether adverse or otherwise, which consultant may have or propose to have in any company, organization, individual, asset or activity has no bearing on the subject matter of this reserve study. Except for the compensation payable to JDB neither JDB nor any of JDB's agents, employees or affiliates shall benefit from our preparation of this reserve study.

This plan provides adequate funds to meet projected expenditures without relying on a 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:

<u>Accumulated Cash Reserves (Numerator)</u>	
Projected reserve fund balance as of January 1, 2025	\$ 155,000
<u>Accrued Liability (Denominator)</u>	
Estimate of the amount of cash necessary to repair, replace, restore or maintain the association's major components as of January 1, 2025	\$ 822,000
Percent Funded	19%

This Reserve Study was reviewed and approved by the Association's Board of Directors.

Projected Expenditures

Assumed Annual Inflation Rate..... 3.0%

RESERVE COMPONENTS	Repair %	Current	Estimated		Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Repr/Repl Cost	Usfl Life	Rmng Life	Jan 1 Dec 31	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
BUILDING EXTERIORS:															
1 - Stucco Siding Paint		35,942	10	2			37,021								
2 - Stucco Siding/Trim Repair	5%	9,582	10	2			9,869								
3 - Exterior Restroom Doors		1,586	25	3				1,682							
4 - Wood Doors Repl		1,142	20	3				1,212							
5 - Wood Door Set Repl-Pool Equip		1,949	20	2			2,007								
6 - Wood Door Set Repl-Clubhouse Back		9,824	20	6						11,389					
7 - Wood Door Set Repl-Clubhouse Front		9,824	20	6						11,389					
8 - Window Replace		11,743	30	3				12,458							
BUILDING INTERIORS:															
9 - Clubhouse Paint		3,575	7	3				3,793							4,665
10 - Door Replace		1,200	30	6						1,391					
11 - Kitchen Remodel		14,500	30	3				15,383							
12 - Restroom Refurbish		82,400	30	4					90,041						
FENCING & WALLS:															
13 - Arbor Paint		28,841	5	4					31,516					36,535	
14 - Arbor Minor Repair	50%	51,503	10	9										65,242	
15 - Arbor Major Repairs		103,005	20	8								126,683			
16 - Chain Link Repair		4,694	15	2			4,835								
17 - Metal Picket Paint		15,759	5	2			16,232					18,817			
18 - Metal Picket Repair	15%	7,574	5	2			7,801					9,044			
19 - Metal Picket Replace		50,494	25	7								60,293			
20 - Monument Repair		3,832	10	3				4,066							
21 - Stucco Seat Wall Paint		1,538	10	2			1,584								
22 - Stucco/Brick Seat Wall Repair	10%	2,401	10	1		2,401									
23 - Stucco Wall Paint		2,909	10	2			2,997								
24 - Stucco Wall Repair 6'	10%	9,663	10	2			9,953								
25 - Wood Retaining Wall Repr/Repl		656	5	1		656					760				
FLOORING:															
26 - Clubhouse Tile Flooring		10,280	18	10											13,413
FURNISHINGS & APPLIANCES:															
27 - BBQ Replace		2,610	15	2			2,688								
28 - Clubhouse Furnishings		2,874	14	4					3,141						
29 - Dishwasher Replace		1,044	18	2			1,075								
30 - Refrigerator Replace		2,349	15	2			2,419								
31 - Microwave Replace		652	15	2			672								
32 - Stove/Oven Replace		2,874	20	2			2,960								
33 - Pool Furnishings		30,900	7	3				32,782							40,317
34 - Umbrella Replace		2,925	5	4					3,197					3,706	

Projected Expenditures

Assumed Annual Inflation Rate..... 3.0%

RESERVE COMPONENTS	Repair %	Current	Estimated		Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Repr/Repl Cost	Usfl Life	Rmng Life	Jan 1 Dec 31	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
LANDSCAPING:															
35 - Backflow Device Replace	33%	10,586	10	2			10,904								
36 - Irrigation Timer Replace	15%	3,208	5	2			3,304					3,830			
37 - Irrigation Valve Replace	5%	2,745	2	2			2,827		2,999		3,182		3,376		3,581
38 - Irrigation Repr/Repl		6,720	10	2			6,921								
39 - Slide Minor Repairs		52,795	5	4					57,691					66,879	
40 - Slide Major Repairs		257,500	15	14											
41 - Plant Stock		4,790	5	2			4,934					5,720			
42 - Tree Stock		8,622	5	2			8,881					10,296			
LIGHT FIXTURES:															
43 - Bridgeway Lighting		31,252	20	6							36,229				
44 - Exit Sign Replace		719	20	1		719									
45 - Ext Fixture Replace-Latern		435	20	3				461							
46 - Ext Fixture Replace-Wall Mount		783	20	3				830							
47 - Recessed Light Fixture Repl		885	25	11											
48 - Light Fixture Repl-Restroom		590	25	3				626							
49 - Miscellaneous Lights		5,365	20	2			5,526								
50 - Spot Light Fixture Replace-Arbor		271	20	3				287							
MECHANICAL SYSTEMS - HVAC:															
51 - Air Conditioning Unit		10,738	15	5						12,085					
52 - Forced Air Furnace		5,984	15	1		5,984									
MECHANICAL SYSTEMS - WATER:															
53 - Water Heater Replace		2,012	15	2				2,072							
PAVED SURFACES:															
54 - Asphalt Repair/Replace	20%	7,044	10	2				7,255							
55 - Asphalt Sealcoat & Repair		6,105	5	2				6,288				7,290			
56 - Concrete Curb & Walkway Reprs		2,874	5	1			2,874				3,332				
57 - Pool Deck Repairs															
58 - Pool Deck Replace		164,800	30	7								196,780			
59 - Sport Major Court Repair	30%	7,850	20	1		7,850									
60 - Sport Minor Court Repair	10%	2,617	10	1		2,617									
61 - Sport Court Sealcoat		1,764	5	1		1,764					2,045				
62 - Tennis Court Colorcoat		27,936	5	5						31,442					36,450
63 - Tennis Court Overlay		99,936	20	20											
RECREATION FACILITIES:															
64 - Bench Metal Repl - Tennis		2,357	22	5						2,653					
65 - Bench Wood Refinish/Repair		1,305	5	1		1,305					1,513				
66 - Bench Wood Replace		4,227	15	4				4,619							
67 - Picnic Table Refinish/Repair		1,044	5	1		1,044					1,210				
68 - Picnic Table Replace		2,505	15	4				2,737							
69 - Shower & Tile Repair		10,049	10	2			10,351								
70 - Shower & Tile Replace		27,603	20	5						31,067					

NOTE: Funding is handled via the association's operating budget.

Projected Expenditures

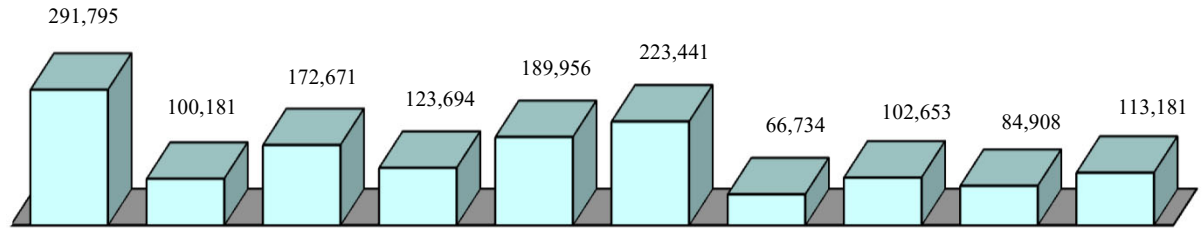
Assumed Annual Inflation Rate..... 3.0%

RESERVE COMPONENTS	Repair %	Current	Estimated		Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Repr/Repl Cost	Usfl Life	Rmng Life	Jan 1 Dec 31	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
RECREATION FACILITIES Cont'd:															
71 - Sport Court Fixtures		3,000	15	15											
72 - Tennis Court Nets		2,000	10	10											2,610
73 - Tennis Court Windscreen Repl		15,000	20	20											
RECREATION FACILITIES - POOL:															
74 - Chlorinator Replace		874	5	2			900					1,043			
75 - Filter Replace		10,190	10	5						11,469					
76 - Heater Replace		25,806	8	2			26,580								33,671
77 - Heater Replace		12,903	8	1		12,903								16,345	
78 - Pump Replace		2,852	5	2			2,937					3,405			
79 - Resurface Pool Interior		107,213	15	2			110,429								
80 - Tile & Coping Replace		21,902	15	2			22,559								
RECREATION FACILITIES -SPA:															
81 - Chlorinator Replace		874	5	2			900					1,043			
82 - Filter Replace		3,201	10	4					3,498						
83 - Heater Replace		10,052	8	2			10,353								13,115
84 - Pump Replace		1,989	5	2			2,049					2,375			
85 - Resurface Spa Interior		10,266	10	2			10,574								
86 - Tile & Coping Replace		2,512	15	2			2,587								
ROOFING SYSTEM:															
87 - Gutters & Downspouts		3,142	25	2			3,237								
88 - Roof Inspection & Repairs		977	5	2			1,006					1,166			
89 - Tile Roof Replacement		22,020	50	19											
OTHER:															
90 - Bike Rack Replace		985	30	6							1,142				
91 - Dog Station Replace		979	14	2			1,008								
92 - Drinking Fountain Replace		2,139	15	2			2,203								
93 - Fire Extinguisher Replace		203	10	1		203									
94 - Future Energy Initiative (2025 only)		45,378	10	6							52,605				
95 - Reserve Study Update															
96 - Reserve Study Update Inspection															
UNSCHEDULED.....	5%	9,310	1	1		9,310	9,310	7,681	7,911	8,149	8,393	8,645	8,731	8,993	9,263
TOTAL EXPENDITURES		1,614,425				49,629	378,009	81,261	207,349	96,865	134,581	329,748	138,790	197,701	157,085

Funding is addressed via the association's operating budget.
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Funding Plan

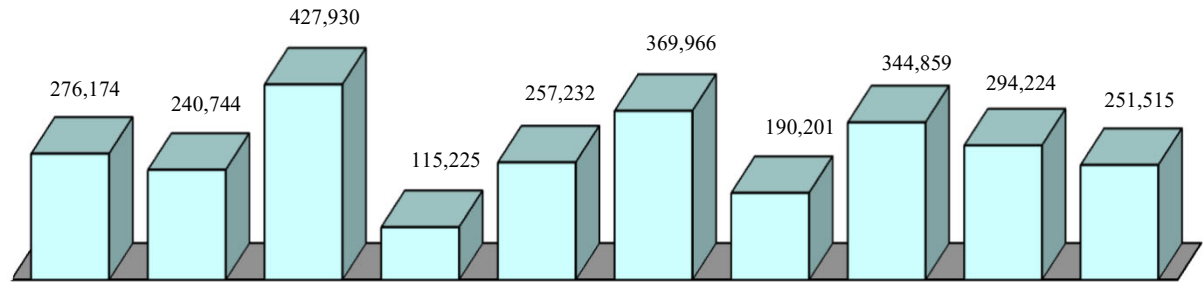
Projected Cash Balance



Fiscal Year		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Jan 1		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Dec 31		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
BEGINNING BALANCE		155,000	291,795	100,181	172,671	123,694	189,956	223,441	66,734	102,653	84,908
EXPENDITURES (inflated \$)	3.0%	49,629	378,009	81,261	207,349	96,865	134,581	329,748	138,790	197,701	157,085
RESERVE CONTRIBUTION		186,200	186,200	153,615	158,223	162,970	167,859	172,895	174,624	179,863	185,259
Per Unit Per Month (375 units)		41.38	41.38	34.14	35.16	36.22	37.30	38.42	38.81	39.97	41.17
Percentage Increase to Reserves		0.0	0.0	(17.5)	3.0	3.0	3.0	3.0	1.0	3.0	3.0
SPECIAL ASSESSMENT(S) or LOAN		0	0	0	0	0	0	0	0	0	0
INTEREST	0.1%	223	196	136	148	157	207	145	85	94	99
ENDING BALANCE		291,795	100,181	172,671	123,694	189,956	223,441	66,734	102,653	84,908	113,181

Funding Plan

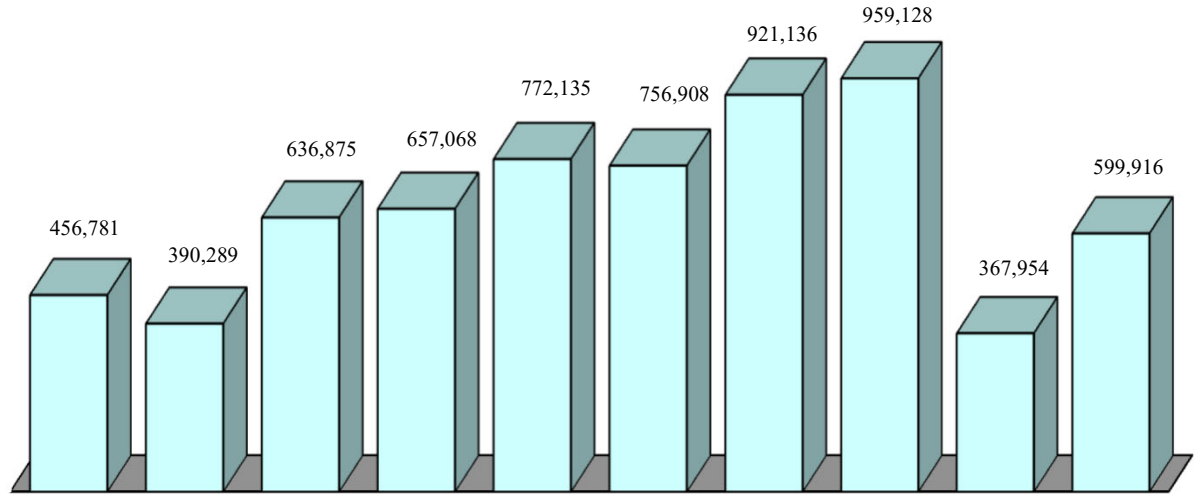
Projected Cash Balance



Fiscal Year		(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Jan 1		2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Dec 31		2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
BEGINNING BALANCE		113,181	276,174	240,744	427,930	115,225	257,232	369,966	190,201	344,859	294,224
EXPENDITURES (inflated \$)	3.0%	28,017	232,229	15,586	521,486	72,945	108,788	407,890	80,289	292,676	291,954
RESERVE CONTRIBUTION		190,816	196,541	202,437	208,510	214,765	221,208	227,845	234,680	241,720	248,972
Per Unit Per Month (375 units)		42.40	43.68	44.99	46.34	47.73	49.16	50.63	52.15	53.72	55.33
Percentage Increase to Reserves		3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
SPECIAL ASSESSMENT(S) or LOAN		0	0	0	0	0	0	0	0	0	0
INTEREST	0.1%	195	258	334	271	186	313	280	267	319	273
ENDING BALANCE		276,174	240,744	427,930	115,225	257,232	369,966	190,201	344,859	294,224	251,515

Funding Plan

Projected Cash Balance



Fiscal Year	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	
Jan 1	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	
Dec 31	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	
BEGINNING BALANCE	251,515	456,781	390,289	636,875	657,068	772,135	756,908	921,136	959,128	367,954	
EXPENDITURES (inflated \$)	3.0%	51,529	331,049	25,985	260,675	174,274	313,276	142,815	278,338	916,689	103,120
RESERVE CONTRIBUTION		256,441	264,134	272,058	280,220	288,627	297,286	306,204	315,390	324,852	334,598
Per Unit Per Month (375 units)		56.99	58.70	60.46	62.27	64.14	66.06	68.05	70.09	72.19	74.36
Percentage Increase to Reserves		3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
SPECIAL ASSESSMENT(S) or LOAN		0	0	0	0	0	0	0	0	0	0
INTEREST	0.1%	354	423	513	647	714	764	839	940	663	484
ENDING BALANCE		456,781	390,289	636,875	657,068	772,135	756,908	921,136	959,128	367,954	599,916

Assessment and Reserve Funding Disclosure Summary For Fiscal Year January 1, 2025 - December 31, 2025

This Summary contains information about the Association's assessments and the status of the reserve fund. The Association may periodically update or supplement the information in this Summary. Please contact the Association to determine if a more recently prepared Summary or supplement is available.

- (1) The current **regular** assessment per ownership interest is \$ 400.00 per quarter.

NOTE: If assessments vary by the size or type of ownership interest, the assessment applicable to this unit may be found on the Variable Assessment Report (provided by an association representative.)

- (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 (if assessments are variable, see note immediately below):	Purpose of the assessment:

NOTE: If assessments vary by the size or type of ownership interest, the assessment applicable to this unit may be found on the Variable Assessment Report (provided by an association representative.)

- (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 If the Special Assessment in Note (2) is collected No

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

Approximate date assessment will be due:	Amount per ownership interest per month or year:
	Total: \$

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

- (6) Based 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 **\$908,857**, based in whole or in part on the last reserve study or update, prepared by John D. Beatty & Company. The projected reserve fund cash balance at the end of the current fiscal year is **\$291,795**, resulting in reserves being **32%** funded at this date (and an average per-unit deficit of **\$1,646**). If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is **\$291,795** (which is based on the projected ending balance figure(s) provided by the association representative. See "Methodology" on Page 1.)

- (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 **(listed in the table 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 **(listed in the table below)**, leaving the reserve at **(listed in the table below)** percent funding. If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be **(listed in the table below)**, leaving the reserves at **(listed in the table below)** percent funded.

Assessment and Reserve Funding Disclosure Summary For Fiscal Year January 1, 2025 - December 31, 2025

Year	Estimated amount required in the reserve fund	Projected reserve fund cash balance	Percent Funded
2	\$ 671,428	\$ 100,181	15%
3	\$ 734,965	\$ 172,671	23%
4	\$ 676,757	\$ 123,694	18%
5	\$ 733,508	\$ 189,956	26%
6	\$ 757,152	\$ 223,441	30%

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 per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs per year are shown on the Funding Plan.

This Summary was authorized by the Association based on the information available in the Association's most recent reserve study or annual update dated as of **September 26, 2024**. This summary supercedes all earlier issued versions.

NOTE: The remainder of Civil Code Section 5570 is not part of the required Assessment and Reserve Funding Disclosure Summary Form, but is included here because the information is needed to properly complete the form.



John D. Beatty
President

For the purposes of preparing a summary pursuant to this section:

- (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.
- (2) "Major component" has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.
- (3) The form set out in subdivision (a) shall accompany each annual budget report or summary thereof that is delivered pursuant to Section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.
- (4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.