



ADVANCED RESERVE SOLUTIONS, INC.

Membership Disclosure Summary

**Mail this information
to the membership
in your annual budget mailing**

California Civil Code requires CIDs to include an "Assessment and Reserve Funding Disclosure Summary." This summary is included herein along with directions for use. This summary was designed to meet the legal requirements for membership disclosure in the State of California. Note, this page need not be distributed.

Hamilton Cove Homeowners Association
Assessment and Reserve Funding Disclosure Summary
For the fiscal year ending December 31, 2021
 ("Disclosure Summary")

The notes at the end of this Disclosure Summary should be read in conjunction with the information provided.

(1) The regular assessment for the 2021 fiscal year per ownership interest is \$ 1052.63 per month.

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.

(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 association's Board of Directors (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.		

Total: _____

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, dated October 12, 2020, 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 _____

(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 been approved by the Board or the members?

Approximate date assessment will be due:	Amount per ownership interest per month or year:
N.A.	

Total: _____

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(5) All major components are included in the reserve study and are included in its calculations. However, the following major assets are excluded from the reserve study calculations for the following reasons:

Major asset:	Reason this major asset was not included:
Painting*	Covered by operating budget
Railing – Wood Deck*	Covered by operating budget
Lighting*	Covered by operating budget
Various Beach Area Components*	Covered by operating budget
Various Clubhouse Components*	Covered by operating budget
Various Pool Area Components*	Covered by operating budget
Various Tennis Area Components*	Covered by operating budget
Various Bldg 10 Components*	Covered by operating budget
Decks – Sealing/Recoating	Covered by operating budget
Golf Course Stream Pump	Covered by operating budget
Irrigation Controllers	Covered by operating budget
Guardhouse	Covered by operating budget
Monument Sign	Covered by operating budget

* See full reserve study for detailed list of “unfunded” components

(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 **\$2,185,091**, based in whole or in part on the last reserve study or update prepared by Advanced Reserve Solutions, Inc. as of January 01, 2021. The projected reserve fund cash balance at the end of the current fiscal year is **\$1,251,250** resulting in reserves being **57%** funded at this date. The current deficiency in the reserve fund represents **\$5,050** per ownership interest.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, a reserve funding plan has been developed – see the attached projections. The assumed long-term before-tax interest rate earned on reserve funds is **1.5%** per year and the assumed long-term inflation rate applied to major component repair and replacement costs is **2.25%** per year. Full reserve study available upon request.

NOTES:

(A) The financial representations set forth in this summary are based on the best estimates of the preparer and the Board at that time. The estimates are subject to change. (B) For the purposes of understanding this Disclosure Summary: (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement. (2) "Major component" has the meaning used in Section 55530. Components with an estimated remaining useful life of more than 30 years may be included in the 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. (5) Based on reserve studies or the occurrence of one or more unanticipated events, the Board could increase regular assessments and/or levy special assessments, consistent with the provisions of the CC&Rs and applicable law, to fund additional reserves as it deems necessary. For example, the information contained in this Disclosure Summary includes (i) estimates of replacement value and life expectancies of the components and (ii) assumptions regarding future events. Estimates are projections of a future event based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility of error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this Disclosure Summary. Therefore, the actual replacement cost and remaining life may vary from this report and summary and the variation may be significant. Additionally, inflation and other economic events may impact this report and summary, particularly over an extended period of time (such as thirty (30) years) and those events could have a significant and negative impact on the accuracy of this Disclosure Summary and, further, the funds available to meet the association's obligation for repair and/or replacement of major components during their estimated useful life.

Hamilton Cove Homeowners Association

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	04007
Version Number	1
Analysis Date	10/12/2020
Fiscal Year	1/1/2021 to 12/31/2021
Number of Units	185
Phasing	4 of 4

Global Parameters:

Inflation Rate	2.25 %
Annual Contribution Increase	2.25 %
Investment Rate	1.50 %
Taxes on Investments	30.00 %
Contingency	5.00 %

Community Profile:

For budgeting purposes, we have used the following dates for aging the original components throughout these areas of the community:

Phase 1, Clubhouse, Pool Area.....	January 1985
Phase 2-3.....	January 1988
Phase 4.....	January 1991
Guardhouse, Beach Area, Tennis, Croquet.....	January 1990

Based on the size and nature of several of the components included in this analysis, the association has determined to maintain these items using its operating and or reserve contingency funds. These items have been included in this analysis for inventory purposes, however funding for these components has been excluded at this time. Should the association determine to resume reserve funding to any of these components, this analysis may be revised.

ARS visual inspections: October 5, 2020, September 28, 2017, October 30, 2014, April 7, 2011, September 10, 2007, May 26, 2004; April 10, 2001; October 13, 1999 & November 6, 1997

Adequacy of Reserves as of January 1, 2021:

Anticipated Reserve Balance	\$1,251,250.00
Fully Funded Reserve Balance	\$2,185,090.85
Percent Funded	57.26%

Recommended Funding for the 2021 Fiscal Year:	Annual	Monthly	Per Unit Per Month
Member Contribution	\$293,567	\$24,463.92	\$132.24
Interest Contribution	\$7,450	\$620.82	\$3.36
Total Contribution	\$301,017	\$25,084.74	\$135.59

Hamilton Cove Homeowners Association

Membership Disclosure Summary

Sorted by Category

Major Reserve Components	Current Cost	Assigned Reserves	Remaining Life Range	Useful Life Range
010 Streets	\$417,893	\$401,346	1	16-30
020 Roofs	\$32,761	\$41,387	1	22-37
030 Painting	\$76,384	\$0	2	4
040 Fencing	\$140,179	\$0	2-4	12-39
050 Lighting	\$0	\$0	n.a.	n.a.
060 Recreation	\$917,536	\$123,130	0-20	3-40
095 Building 10	\$12,210	\$0	4	37
100 Decks	\$66,000	\$66,000	0	2
105 Equipment	\$281,830	\$54,270	0-28	1-39
130 Irrigation/Motors	\$287,350	\$132,850	0-19	2-22
140 Grounds	\$55,420	\$55,420	0	3-25
150 Termite Control	\$493,264	\$317,264	0-5	15
Contingency	n.a.	\$59,583	n.a.	n.a.
Total	\$2,780,826	\$1,251,250	0-28	1-40

Hamilton Cove Homeowners Association

Projections

Directed Cash Flow Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2021	\$1,251,250	\$293,567	\$7,450	\$679,441	\$872,826	\$1,740,818	50%
2022	\$872,826	\$300,172	\$4,934	\$542,542	\$635,390	\$1,462,542	43%
2023	\$635,390	\$306,926	\$5,316	\$271,919	\$675,713	\$1,474,983	46%
2024	\$675,713	\$313,832	\$3,913	\$448,438	\$545,019	\$1,313,894	41%
2025	\$545,019	\$320,893	\$4,538	\$261,680	\$608,771	\$1,356,856	45%
2026	\$608,771	\$328,113	\$4,474	\$334,792	\$606,567	\$1,328,914	46%
2027	\$606,567	\$335,496	\$5,150	\$271,963	\$675,249	\$1,374,572	49%
2028	\$675,249	\$343,044	\$7,975	\$76,311	\$949,957	\$1,638,240	58%
2029	\$949,957	\$350,763	\$9,318	\$227,263	\$1,082,775	\$1,752,856	62%
2030	\$1,082,775	\$358,655	\$9,773	\$320,532	\$1,130,672	\$1,777,155	64%
2031	\$1,130,672	\$366,725	\$9,804	\$369,216	\$1,137,985	\$1,757,138	65%
2032	\$1,137,985	\$374,976	\$12,287	\$144,906	\$1,380,342	\$1,985,065	70%
2033	\$1,380,342	\$383,413	\$14,341	\$196,450	\$1,581,647	\$2,170,523	73%
2034	\$1,581,647	\$392,040	\$17,512	\$101,183	\$1,890,017	\$2,470,350	77%
2035	\$1,890,017	\$400,861	\$18,382	\$331,176	\$1,978,083	\$2,538,090	78%
2036	\$1,978,083	\$409,880	\$16,440	\$607,404	\$1,796,999	\$2,319,063	77%
2037	\$1,796,999	\$419,103	\$18,913	\$196,119	\$2,038,895	\$2,545,136	80%
2038	\$2,038,895	\$428,532	\$20,437	\$297,938	\$2,189,926	\$2,675,632	82%
2039	\$2,189,926	\$438,174	\$20,899	\$409,587	\$2,239,412	\$2,698,042	83%
2040	\$2,239,412	\$448,033	\$23,818	\$186,882	\$2,524,382	\$2,966,028	85%
2041	\$2,524,382	\$458,114	\$18,667	\$964,688	\$2,036,475	\$2,414,152	84%
2042	\$2,036,475	\$468,422	\$15,352	\$795,644	\$1,724,605	\$2,040,735	85%
2043	\$1,724,605	\$478,961	\$16,544	\$375,616	\$1,844,495	\$2,119,466	87%
2044	\$1,844,495	\$489,738	\$19,863	\$185,937	\$2,168,158	\$2,413,427	90%
2045	\$2,168,158	\$500,757	\$22,353	\$278,628	\$2,412,639	\$2,624,520	92%
2046	\$2,412,639	\$512,024	\$24,879	\$288,809	\$2,660,733	\$2,839,694	94%
2047	\$2,660,733	\$523,544	\$25,826	\$452,462	\$2,757,641	\$2,894,498	95%
2048	\$2,757,641	\$535,324	\$28,665	\$285,647	\$3,035,983	\$3,140,360	97%
2049	\$3,035,983	\$547,369	\$27,955	\$636,812	\$2,974,495	\$3,025,702	98%
2050	\$2,974,495	\$559,685	\$29,779	\$408,024	\$3,155,935	\$3,165,313	100%

NOTE: In some cases, the projected Ending Balance may exceed the Fully Funded Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.