



**M.S. HOMEOWNERS ASSOCIATION  
c/o COMMUNITY ASSOCIATION FINANCIAL SERVICES  
PO Box 2805  
PALM SPRINGS, CA 92263**

May 2023

***The monthly dues for the fiscal year of 2023-2024 have changed.  
Starting July 1<sup>st</sup>, it will be increase from \$410.00 to \$450.00 monthly.***

**ANNUAL BUDGET REPORT**

In accordance with Civil Code Section 4040 we have enclosed the following for the year ended June 30:

Pro forma Operating Budget *Civil Code §5300(b)(1)*  
Reserve Summary *Civil Code §§5300(b)(2), 5565*  
Reserve Funding Plan Summary *Civil Code §§5300(b)(3), 5550(b)(5)*  
Assessment and Reserve Funding Disclosure Summary Form *Civil Code §§5300(e), 5570*  
Major Component Repair Statement *Civil Code §5300(b)(4)*  
Anticipated Special Assessment Statement *Civil Code §5300(b)(5)*  
Reserve Funding Mechanism Statement *(Civil Code §5300(b)(6)*  
Procedures for Calculating Reserves Statement *(Civil Code §§5300(b)(7), 5570(b)(4)*  
Outstanding Loan Statement *Civil Code §5300(b)(8)*  
Insurance Summary *Civil Code §5300(b)(9)*  
Status of CID as a FHA-approved project *Civil Code §5300(b) (10)*  
Status of CID as a federal VA-approved project *Civil Code §5300(b) (11)*  
Document Disclosure Form *Civil Code §4528*

M.S. Homeowners Association  
Board of Directors



MOUNTAIN SHADOWS HOMEOWNERS ASSOCIATION  
 ANNUAL BUDGET  
 JULY 1, 2023 TO JUNE 30, 2024

100% Funded Reserve

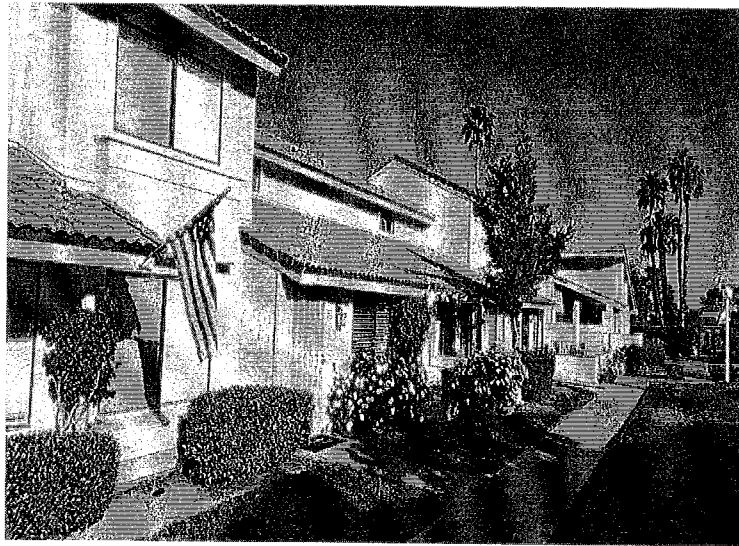
	2021-2022	2022-2023	2023-2024	MONTHLY PER UNIT
<b>INCOME:</b>				
ASSOCIATION FEES	\$792,360.00	\$915,120.00	\$1,004,400.00	\$450.00
INTEREST	\$5,000.00	\$500.00	\$2,000.00	\$0.90
KEYS	\$0.00	\$0.00	\$0.00	\$0.00
GATE REMOTES/LOCATOR FEE	\$0.00	\$0.00	\$0.00	\$0.00
MISCELLANEOUS	\$0.00	\$1,000.00	\$500.00	\$0.00
<b>TOTAL INCOME</b>	<b>\$797,360.00</b>	<b>\$916,620.00</b>	<b>\$1,006,900.00</b>	<b>\$451.12</b>
<b>LESS:</b>				
RESERVE ALLOCATION	\$134,380.00	\$190,180.00	\$256,592.00	\$114.96
RESERVE INTEREST	\$5,000.00	\$500.00	\$2,000.00	\$0.90
<b>TOTAL OPERATING INCOME</b>	<b>\$657,980.00</b>	<b>\$725,940.00</b>	<b>\$748,308.00</b>	
<b>EXPENSES:</b>				
<b>ADMINISTRATIVE:</b>				
INSURANCE-GENERAL	\$37,000.00	\$41,200.00	\$41,200.00	\$18.46
INSURANCE-HEALTH	\$3,500.00	\$4,680.00	\$3,960.00	\$1.77
INSURANCE-WORKERS COMP	\$7,250.00	\$7,300.00	\$7,300.00	\$3.27
MANAGEMENT CONTRACT	\$0.00	\$0.00	\$0.00	\$0.00
OFFICE & ADMINISTRATIVE	\$4,000.00	\$5,000.00	\$4,000.00	\$1.79
PERMITS & FEES	\$3,500.00	\$3,500.00	\$3,500.00	\$1.57
POSTAGE & PRINTING-ON SITE	\$0.00	\$200.00	\$0.00	\$0.00
POSTAGE & PRINTING-ACCOUNTING	\$3,500.00	\$3,000.00	\$2,500.00	\$1.12
PROF FEES: ACCOUNTING	\$12,430.00	\$13,090.00	\$13,090.00	\$5.86
PROF FEES: ELECTION	\$1,902.00	\$1,902.00	\$1,900.00	\$0.85
AUDIT	\$2,100.00	\$2,000.00	\$2,000.00	\$0.90
RESERVE STUDY	\$1,400.00	\$500.00	\$500.00	\$0.22
LEGAL FEES	\$4,000.00	\$4,000.00	\$4,000.00	\$1.79
SALARIES-PAYROLL	\$112,000.00	\$115,000.00	\$120,980.00	\$54.20
SALARIES-BONUS	\$650.00	\$650.00	\$650.00	\$0.29
SECURITY SERVICES	\$9,000.00	\$9,000.00	\$30,000.00	\$13.44
SOCIAL	\$1,000.00	\$1,000.00	\$1,000.00	\$0.45
INCOME TAX	\$1,500.00	\$1,500.00	\$500.00	\$0.22
PAYROLL TAX	\$9,000.00	\$9,300.00	\$9,000.00	\$4.03
MISCELLANEOUS	\$728.00	\$1,818.00	\$1,008.00	\$0.45
<b>TOTAL ADMINISTRATIVE</b>	<b>\$214,460.00</b>	<b>\$224,640.00</b>	<b>\$247,088.00</b>	<b>\$110.70</b>
<b>COMMON AREA MAINTENANCE:</b>				
ENTERGATE REPAIR	\$1,000.00	\$1,000.00	\$1,000.00	\$0.45
HANDYMAN/EXPENSES/MILEAGE	\$500.00	\$350.00	\$350.00	\$0.16
MAINTENANCE-GENERAL	\$13,000.00	\$22,000.00	\$18,205.00	\$8.16
MAINTENANCE-LIGHTING	\$1,000.00	\$1,500.00	\$1,500.00	\$0.67
MAINTENANCE-STREETS	\$650.00	\$500.00	\$500.00	\$0.22
PEST CONTROL-CONTRACT	\$8,820.00	\$9,450.00	\$10,465.00	\$4.69
PEST CONTROL-TERMITES/BEEES	\$3,000.00	\$2,000.00	\$2,000.00	\$0.90
<b>TOTAL COMMON AREA MAINTENANCE</b>	<b>\$27,970.00</b>	<b>\$36,800.00</b>	<b>\$34,020.00</b>	<b>\$15.24</b>
<b>LANDSCAPE MAINTENANCE:</b>				
LANDSCAPE CONTRACT	\$171,000.00	\$180,000.00	\$185,000.00	\$82.89
LANDSCAPE SERVICES/SUPPLIES	\$13,000.00	\$20,000.00	\$5,000.00	\$2.24
IRRIGATION SUPPLIES/REPAIR	\$6,400.00	\$6,500.00	\$7,000.00	\$3.14
TREES/SHRUBS	\$12,000.00	\$5,000.00	\$2,000.00	\$0.90
TREE TRIMMING	\$22,000.00	\$26,000.00	\$29,000.00	\$12.99
<b>TOTAL LANDSCAPE MAINTENANCE</b>	<b>\$224,400.00</b>	<b>\$237,500.00</b>	<b>\$228,000.00</b>	<b>\$102.15</b>
<b>POOL &amp; SPA MAINTENANCE:</b>				
POOL/SPA CONTRACT	\$10,400.00	\$15,000.00	\$17,500.00	\$7.84
POOL/SPA REPAIRS	\$5,000.00	\$4,500.00	\$9,000.00	\$4.03
<b>TOTAL POOL &amp; SPA MAINTENANCE</b>	<b>\$15,400.00</b>	<b>\$19,500.00</b>	<b>\$26,500.00</b>	<b>\$11.87</b>
<b>UTILITIES:</b>				
ELECTRICITY	\$25,000.00	\$27,000.00	\$30,000.00	\$13.44
GAS	\$30,000.00	\$32,000.00	\$37,000.00	\$16.58
TELEPHONE/AOL/WIRELESS	\$3,450.00	\$3,200.00	\$3,700.00	\$1.66
WASTE DISPOSAL	\$30,300.00	\$30,300.00	\$42,000.00	\$18.82
WATER/SEWER	\$87,000.00	\$115,000.00	\$100,000.00	\$44.80
<b>TOTAL UTILITIES</b>	<b>\$175,750.00</b>	<b>\$207,500.00</b>	<b>\$212,700.00</b>	<b>\$95.30</b>
<b>TOTAL EXPENSES</b>	<b>\$657,980.00</b>	<b>\$725,940.00</b>	<b>\$748,308.00</b>	

# Reserve Analysis Report

## Mountain Shadows

### Level II Study with Site Inspection

Fiscal Year End Date: June 30, 2023



**MCCAFFERY**  
RESERVE CONSULTING

15 YEARS-10,000 STUDIES

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## Preface

A reserve study is a detailed report that assists common interest developments (CID) in planning for long-term common area repair and replacement expenses. These common areas differ for every development. They can include streets, roofs, recreational facilities and many other items. A reserve study estimates the costs of common area repairs and replacements over a 30 year period. Each component is given a useful life, remaining life, and estimated cost. A reserve study then calculates the funds necessary to cover these expenses by creating funding plans.

### The Big Picture - What are the significant figures to look at in the report?

- **The Component List** – What are our reserve components and when will they need maintenance

Every reserve study must start with a list of the components. The component summary contains the list of all the components, their useful and remaining lives, and their estimated costs. These numbers are the building blocks for most of the figures in the study.

- **Percent Funded** - What is our current financial standing

Probably the most important number in a reserve study is percent funded. It's almost like a credit score for an association. It tells them the current strength of their reserve fund.

Over 70% = Well Funded    Between 30-70% = Fairly Funded    Below 30% = Poorly Funded

The lower your percent funded the higher the risk of a special assessment. A low percent funded also increases the likelihood of deferred maintenance which can cause declining property values.

- **Funding Plans** - How much do we need to save for the future

The next important part of the study is the theoretical 30 year funding plans. The study contains 3 funding plans. It projects what the percent funded will be over the next 30 years if the CID follows each of these plans.

Current Funding Plan – This plan is based on what the association is currently contributing to its reserve fund. This information is supplied by the board or management

Recommended Funding Plan – This is McCaffery's recommendation, if a CID follows the recommended plan they should end up well funded and near the 100% funded level.

5% Threshold Funding Plan - The threshold funding plan is a 30 year cash flow plan that calculates the minimum amount a CID should contribute so their reserve balance won't fall below 5% funded and cause the need for a special assessment. The percent funded will at some point fall into poorly funded levels but will never drop below 5%. If a CID has a funding plan that is below this threshold plan they should also plan on a future special assessment and/or a deferred maintenance. (Following this plan does carry higher risk of a special assessment if a component fails early or costs more than expected)

## Executive Summary

### Mountain Shadows

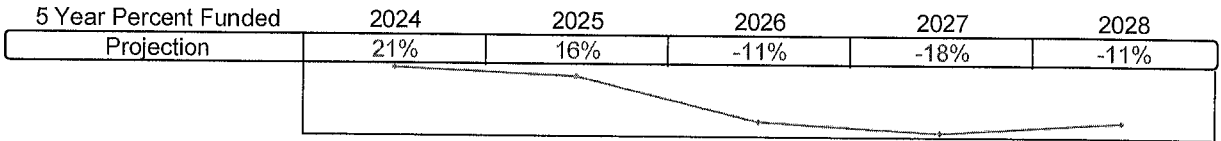
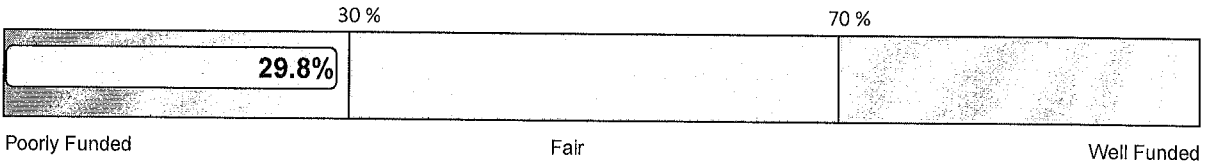
This is a Homeowners Association with 186 Condominium Units.

The common area components include: asphalt, pool, and building exterior.

A Level II Study with an on-site inspection was performed on May 1, 2023.

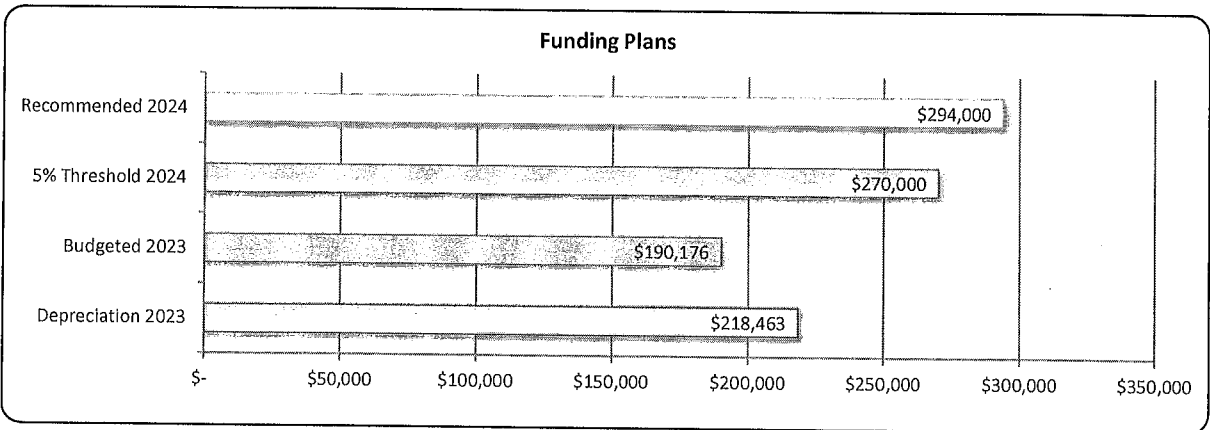
### Reserve Fund Balance at Fiscal Year End

Fully Funded Reserve Balance		\$ 2,160,788
Projected Balance	June 30, 2023	\$ 643,048
Under Funded (Deficiency in Reserve Funding)		\$ 1,517,740
Deficiency in Reserve Funding Per Unit		\$ 8,159.89
<b>Percent Funded</b>		<b>29.8%</b>



### Funding Plans

	Annually	Monthly	Per Unit Monthly
Depreciation of Components in 2023	\$ 218,463	\$ 18,205	\$ 97.88
Budgeted Reserve Contribution 2023	\$ 190,176	\$ 15,848	\$ 85.20
5% Threshold Reserve Contribution for 2024	\$ 270,000	\$ 22,500	\$ 120.97
<b>Recommended Reserve Contribution for 2024</b>	<b>\$ 294,000</b>	<b>\$ 24,500</b>	<b>\$ 131.72</b>



## Theoretical 30 Year Funding Plans

### Mountain Shadows

Above 70% = Well Funded    Between 30% and 70% = Fairly Funded    Below 30% = Poorly Funded  
 (Low Risk of Special Assessment)                      (Higher Risk of Special Assessment)

Before Tax Interest Rate	1.5%
Annual Inflation Rate	3.0%
Annual Funding Increase	3.0%

Year End	Annual Expenses	Fully Funded		Current Funding Plan		Recommended Funding Plan		5% Threshold Funding Plan	
		Balance	% Funded	Contribution	Balance	% Funded	Contribution	Balance	% Funded
2023	\$ -	\$ 2,160,788	30%	\$ 190,176	\$ 643,048	30%	-	\$ 643,048	30%
2024	\$ 441,420	\$ 1,973,233	21%	\$ 195,881	\$ 407,155	26%	\$ 294,000	\$ 270,000	26%
2025	\$ 314,172	\$ 1,924,420	16%	\$ 201,758	\$ 300,848	16%	\$ 302,820	\$ 278,100	24%
2026	\$ 678,285	\$ 1,487,308	-11%	\$ 207,810	\$ (165,114)	-11%	\$ 311,905	\$ 286,443	5%
2027	\$ 303,711	\$ 1,449,346	-18%	\$ 214,045	\$ (254,780)	-18%	\$ 321,262	\$ 295,036	4%
2028	\$ 140,869	\$ 1,593,735	-11%	\$ 220,466	\$ (175,182)	-11%	\$ 330,900	\$ 303,887	14%
2029	\$ 196,143	\$ 1,690,274	-9%	\$ 227,080	\$ (144,246)	-9%	\$ 340,827	\$ 313,004	20%
2030	\$ 78,188	\$ 1,925,104	1%	\$ 233,892	\$ 11,459	1%	\$ 351,051	\$ 322,394	31%
2031	\$ 111,152	\$ 2,139,389	7%	\$ 240,909	\$ 141,389	7%	\$ 361,583	\$ 332,066	38%
2032	\$ 196,689	\$ 2,275,896	9%	\$ 248,137	\$ 194,957	9%	\$ 372,430	\$ 342,028	43%
2033	\$ 113,754	\$ 2,514,744	14%	\$ 255,581	\$ 339,708	14%	\$ 383,603	\$ 352,289	49%
2034	\$ 222,536	\$ 2,651,917	15%	\$ 263,248	\$ 385,515	15%	\$ 395,111	\$ 362,857	53%
2035	\$ 94,798	\$ 2,940,427	9%	\$ 271,146	\$ 567,646	19%	\$ 406,965	\$ 373,743	58%
2036	\$ 600,812	\$ 2,699,681	9%	\$ 279,280	\$ 254,628	9%	\$ 419,174	\$ 384,955	56%
2037	\$ 95,394	\$ 3,007,947	15%	\$ 287,658	\$ 450,711	15%	\$ 431,749	\$ 396,504	61%
2038	\$ 156,102	\$ 3,269,719	18%	\$ 296,288	\$ 597,658	18%	\$ 444,701	\$ 408,399	64%
2039	\$ 214,987	\$ 3,485,871	20%	\$ 305,177	\$ 696,812	20%	\$ 458,042	\$ 420,651	67%
2040	\$ 197,305	\$ 3,738,148	22%	\$ 314,332	\$ 824,291	22%	\$ 471,784	\$ 433,271	70%
2041	\$ 453,666	\$ 3,731,571	19%	\$ 323,762	\$ 706,752	19%	\$ 485,937	\$ 446,269	71%
2042	\$ 129,771	\$ 4,086,246	23%	\$ 333,475	\$ 921,056	23%	\$ 500,515	\$ 459,657	74%
2043	\$ 107,858	\$ 4,486,753	26%	\$ 343,479	\$ 1,170,493	26%	\$ 515,531	\$ 473,447	76%
2044	\$ 2,263,213	\$ 2,580,097	-28%	\$ 353,783	\$ (721,379)	-28%	\$ 530,997	\$ 487,650	66%
2045	\$ 67,962	\$ 3,002,596	-14%	\$ 364,397	\$ (424,944)	-14%	\$ 546,927	\$ 502,280	72%
2046	\$ 726,103	\$ 2,738,550	-28%	\$ 375,329	\$ (775,718)	-28%	\$ 431,155	\$ 517,348	77%
2047	\$ 215,839	\$ 3,031,366	-20%	\$ 386,589	\$ (604,969)	-20%	\$ 444,090	\$ 532,868	77%
2048	\$ 306,517	\$ 3,248,222	-16%	\$ 398,186	\$ (513,299)	-16%	\$ 457,413	\$ 548,854	80%
2049	\$ 401,285	\$ 3,382,814	-15%	\$ 410,132	\$ (504,453)	-15%	\$ 471,135	\$ 565,320	83%
2050	\$ 219,670	\$ 3,731,994	-8%	\$ 422,436	\$ (301,687)	-8%	\$ 485,269	\$ 582,280	86%
2051	\$ 184,277	\$ 4,144,486	-1%	\$ 435,109	\$ (50,855)	-1%	\$ 499,827	\$ 599,748	89%
2052	\$ 608,218	\$ 4,125,855	-5%	\$ 448,162	\$ (210,911)	-5%	\$ 514,822	\$ 617,740	91%
2053	\$ 134,525	\$ 4,634,409	3%	\$ 461,607	\$ 116,171	3%	\$ 530,267	\$ 636,273	93%

Note: All future projections are theoretical. The estimated lives and costs of components will likely change over time depending on factors such as inflation rates and levels of maintenance. Reserve analysis should be performed annually to account for these factors.

**Component Summary**  
Mountain Shadows

Category Component	Approx. Quantity	Unit of Measure	Useful Life	Remaining Life	Unit Cost	Total Cost	Cost Source
<b>Roofing</b>							
Tile Underlayment & Repairs	190000	SF	40	20	\$ 5.30	\$ 1,007,000	1
Built Up Carport	32000	SF	20	17	\$ 4.66	\$ 149,120	1
Roof Repairs	1	Allowance	2	1	\$ 10,500	\$ 10,500	3
						\$ 1,166,620	
<b>Painting</b>							
Stucco & Carport Underside	186	Each	10	2	\$ 1,133	\$ 210,738	1
Wood Siding & Trim	186	Each	5	0	\$ 515	\$ 95,790	1
Wood Repairs Minor			Included in Operating Budget				3
Wood Repairs - Major	1	Allowance	10	2	\$ 89,657	\$ 89,657	3
Metal Fencing	1250	LF	5	2	\$ 9.27	\$ 11,588	1
						\$ 407,773	
<b>Asphalt</b>							
Slurry Seal (Arroyo/Parking)	181700	SF	4	0	\$ 0.34	\$ 61,778	1
Slurry Seal (Montecito)	36300	SF	4	3	\$ 0.34	\$ 12,342	1
Overlay & Replace (Montecito)	36300	SF	30	28	\$ 3.50	\$ 127,050	1
Overlay & Replace (3-Carports/Parkin	49050	SF	30	0	\$ 4.10	\$ 201,105	3
Overlay & Replace (3-Carports/Parkin	46725	SF	30	1	\$ 4.10	\$ 191,573	3
Overlay & Replace (Arroyo)	39200	SF	30	2	\$ 5.69	\$ 223,000	3
Overlay & Replace (3-Carports/Parkin	46725	SF	30	3	\$ 4.10	\$ 191,573	3
Concrete Repairs	1	Allowance	10	2	\$ 6,365	\$ 6,365	1
						\$ 1,014,785	
<b>Fencing/Rails</b>							
Metal Pool Fencing - Repair (10%)	1250	LF	10	4	\$ 46.35	\$ 5,625	1
Chain Link Perimeter	850	LF	35	9	\$ 28.84	\$ 23,800	1
Gate Loops	1	Allowance	20	0	\$ 5,303	\$ 5,150	1
Pedestrian Gates	1	Each	30	2	\$ 592	\$ 575	1
Vehicle Gates	2	Each	30	7	\$ 3,605	\$ 7,000	1
Vehicle Gate Operators	2	Each	15	2	\$ 3,193	\$ 6,200	1
Gate Entry Arm	1	Each	10	0	\$ 3,182	\$ 3,090	1
Trash Gates	30	Each	22	1	\$ 644.00	\$ 18,750	1
						\$ 70,190	
<b>Pool &amp; Spa 1</b>							
Pool Resurface/Tile	1	Allowance	12	7	\$ 11,669	\$ 11,669	1
Pool Heater	1	Each	10	8	\$ 3,182	\$ 3,182	1
Pool Filter	1	Each	10	9	\$ 1,167	\$ 1,167	1
Pool Pump/Motor	1	Each	7	6	\$ 1,272	\$ 1,272	1
Spa Resurface/Tile	1	Allowance	8	3	\$ 4,892	\$ 4,892	1
Spa Heater	1	Each	10	6	\$ 3,182	\$ 3,182	1
Spa Filter	1	Each	10	5	\$ 1,167	\$ 1,167	1
Spa Pump/Motor	1	Each	7	2	\$ 1,272	\$ 1,272	1
Deck Repairs	1	Allowance	15	9	\$ 4,243	\$ 4,243	1
Pool Furnishings All Pools	1	Allowance	7	3	\$ 18,540	\$ 18,540	1
Restroom/Shower	1	Allowance	30	4	\$ 8,487	\$ 8,487	1
Pool LED Light	1	Each	10	6	\$ 742	\$ 742	1
Spa LED Light	1	Each	10	6	\$ 742	\$ 742	1
						\$ 60,557	
<b>Pool 2</b>							
Pool Resurface/Tile	1	Allowance	12	9	\$ 8,487	\$ 8,487	1
Pool Heater	1	Each	10	8	\$ 3,193	\$ 3,193	1
Pool Filter	1	Each	10	9	\$ 1,167	\$ 1,167	1
Pool Pump/Motor	1	Each	7	6	\$ 1,272	\$ 1,272	1
Coping Stones	1	Allowance	12	9	\$ 2,546	\$ 2,546	1
Deck Resurface/Repair	1	Allowance	10	7	\$ 7,426	\$ 7,426	1
Pool LED Light	1	Each	10	0	\$ 742	\$ 742	1
						\$ 24,833	
<b>Pool 3</b>							
Pool Resurface/Tile	1	Allowance	12	1	\$ 8,487	\$ 8,487	1
Pool Heater	1	Each	10	8	\$ 3,193	\$ 3,193	1
Pool Filter	1	Each	10	9	\$ 1,167	\$ 1,167	1
Pool Pump/Motor	1	Each	7	6	\$ 1,272	\$ 1,272	1
Coping Stones	1	Allowance	12	1	\$ 2,546	\$ 2,546	1
Deck Resurface/Repair	1	Allowance	10	0	\$ 7,426	\$ 7,426	1
Pool LED Light	1	Each	10	6	\$ 742	\$ 742	1
						\$ 24,833	



Category Component	Approx. Quantity	Unit of Measure	Useful Life	Remaining Life	Unit Cost	Total Cost	Cost Source	
<b>Pool 4</b>								
Pool Resurface/Tile	1	Allowance	12	1	\$ 8,487	\$ 8,487	1	
Pool Heater	1	Each	10	8	\$ 3,193	\$ 3,193	1	
Pool Filter	1	Each	10	9	\$ 1,167	\$ 1,167	1	
Pool Pump/Motor	1	Each	7	6	\$ 1,272	\$ 1,272	1	
Coping Stones	1	Allowance	12	1	\$ 2,546	\$ 2,546	1	
Deck Resurface/Repair	1	Allowance	10	7	\$ 7,426	\$ 7,426	1	
Pool LED Light	1	Each	10	6	\$ 742	\$ 742	1	
						\$ 24,833		
<b>Pool 5</b>								
Pool Resurface/Tile	1	Allowance	12	1	\$ 8,487	\$ 8,487	1	
Pool Heater	1	Each	10	8	\$ 3,193	\$ 3,193	1	
Pool Filter	1	Each	10	9	\$ 1,167	\$ 1,167	1	
Pool Pump/Motor	1	Each	7	6	\$ 1,272	\$ 1,272	1	
Coping Stones	1	Allowance	12	1	\$ 2,546	\$ 2,546	1	
Deck Resurface/Repair	1	Allowance	10	7	\$ 7,426	\$ 7,426	1	
Pool LED Light	1	Each	10	6	\$ 742	\$ 742	1	
						\$ 24,833		
<b>Pool 6</b>								
Pool Resurface/Tile	1	Allowance	12	6	\$ 8,487	\$ 8,487	1	
Pool Heater	1	Each	10	8	\$ 3,193	\$ 3,193	1	
Pool Filter	1	Each	10	8	\$ 1,167	\$ 1,167	1	
Pool Pump/Motor	1	Each	7	5	\$ 1,272	\$ 1,272	1	
Coping Stones	1	Allowance	30	0	\$ 2,546	\$ 2,546	1	
Deck Resurface/Repair	1	Allowance	10	8	\$ 7,426	\$ 7,426	1	
Pool LED Light	1	Each	10	6	\$ 742	\$ 742	1	
						\$ 24,833		
<b>Landscaping</b>								
Landscape Upgrade (Ph. 1)	1	Allowance	25	23	\$ 10,300	\$ 10,300	1	
Landscape Upgrade (Ph. 2)	1	Allowance	25	23	\$ 15,450	\$ 15,450	1	
Landscape Upgrade (Ph. 3)	1	Allowance	25	24	\$ 20,600	\$ 20,600	1	
Landscape Upgrade (Ph. 4)	1	Allowance	25	0	\$ 20,600	\$ 20,600	1	
Landscape Upgrade (Ph. 5)	1	Allowance	25	1	\$ 20,600	\$ 20,600	1	
Landscape Upgrade (Ph. 6)	1	Allowance	20	2	\$ 20,600	\$ 20,600	1	
Landscape/Desertscape	1	Allowance	3	2	\$ 25,750	\$ 25,750	1	
Tree Maintenance	1	Allowance	1	0	\$ 15,000	\$ 15,000	3	
						\$ 148,900		
<b>Tennis Courts</b>								
Tennis Court - Resurface	2	Each	8	1	\$ 5,000	\$ 10,000	1	
Windscreens	1	Allowance	8	1	\$ 5,500	\$ 5,500	1	
Light Fixtures	12	Each	30	3	\$ 1,061	\$ 12,732	1	
Chain Link Fence	480	LF	30	3	\$ 26	\$ 12,360	1	
						\$ 40,592		
<b>Lighting</b>								
Post Lights	1	Allowance	20	14	\$ 31,827	\$ 31,827	1	
Misc Lighting		Included in Operating Budget						3
						\$ 31,827		
<b>Miscellaneous</b>								
Mailboxes	186	Each	25	5	\$ 106	\$ 19,716	1	
Termite Treatment		Included in Operating Budget						3
Patio Storage Roofs		Included in Operating Budget						3
Entry Intercom	1	Each	15	0	\$ 3,193	\$ 3,193	1	
Entry Monument Signage	2	Each	24	2	\$ 1,802	\$ 3,604	1	
Office & Library		Included in Operating Budget						3
Golf Carts	2	Each	12	4	\$ 4,635	\$ 9,270	1	
Surveillance System	1	Allowance	10	6	\$ 3,000	\$ 3,000	1	
Underground Utilities	1	Allowance	2	0	\$ 25,000	\$ 25,000	1	
						\$ 63,783		
<b>Contingency</b>								
5%							1	

**TOTALS** \$ 3,129,191

Notes: Any other items not listed are included in operating budget.

**Assessment and Reserve Funding Disclosure Summary**  
Mountain Shadows

(1) The current regular assessment per ownership interest per month is:

\$ 410.00 per month for the year ending 06/30/23

(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: As of 5/5/2023

Date Assessment is Due	Amount per unit	Purpose of Assessment
NA		
Total:		

(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  No

**Note:** This calculation assumes the association will raise their current reserve contribution 3% per year over the next 30 years.

(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?

Increase the monthly reserve contribution by \$ 35.76 per unit

For more detail see attached theoretical 30 year funding plans.

**Note:** This calculation assumes the association will raise their current reserve contribution 3% per year over the next 30 years.

(5) All major components appropriate for reserve funding 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 of the civil code the estimated amount required in the reserve fund at the end of the current fiscal year is:

\$ 2,160,788

based in whole or in part on the last reserve study or update prepared by McCaffery Reserve Consulting as of 6/30/2023 the projected reserve fund cash balance at the end of the current fiscal year is: \$ 643,048 resulting in the reserves being 30% funded at this date.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the civil code the projected required amount in reserves, projected reserve fund cash balance and projected percent funded for each of the next 5 years is:

Year	Amt Required	Proj. Balance	% Funded
2024	\$ 1,973,233	\$ 407,155	21%
2025	\$ 1,924,420	\$ 300,848	16%
2026	\$ 1,487,308	\$ (165,114)	-11%
2027	\$ 1,449,346	\$ (254,780)	-18%
2028	\$ 1,593,735	\$ (175,182)	-11%

For more detail see attached theoretical 30 year funding plans.

**Note:** This calculation assumes the association will raise their reserve contribution 3% per year over the next 30 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 was : 1.50% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was: 3.00% per year

(b) 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 pro forma operating budget 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.

The Preparer of this form will be indemnified and held harmless against all losses, claims, action, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which has been provided to Preparer by others and relied upon by Preparer which may result from any improper use or reliance on this disclosure.

**M.S. HOMEOWNERS ASSOCIATION  
c/o COMMUNITY ASSOCIATION FINANCIAL SERVICES  
PO Box 2805  
PALM SPRINGS, CA 92263  
760.323.7475 PH ~ 760.323.8763 FAX**

**NOTICES**

The Reserve Study items included herein are a summary. The full Reserve Study Plan is available upon written request.

**MAJOR COMPONENT REPAIR STATEMENT:**

The Board of Directors has determined to not defer or not undertake repairs or replacements of any major components, therefore, repairs or replacements of major components will be completed per the reserve study, assuming the specific component identified needs to be repaired or replaced.

**ANTICIPATED SPECIAL ASSESSMENT STATEMENT:**

At the current time the Board of Directors does not anticipate the levy of a special assessment to repair, replace or restore any major component or to provide adequate reserves therefore.

**RESERVE FUNDING MECHANISM STATEMENT:**

The Board of Directors plans on funding reserves by allocating a portion of each member's monthly assessments to reserves. Currently the amount allocated to reserves is \$114.96 per unit, per month.

**PROCEDURES FOR CALCULATING RESERVES STATEMENT:**

At least once every three years, the board shall cause to be conducted a visual inspection of the major components that the Association is obligated to maintain as part of a study of the reserve account requirements of Mountain Shadows Homeowners Association. The board reviews this study annually and considers necessary adjustments to the reserve account requirement as a result of that review.

**OUTSTANDING LOAN STATEMENT:**

At this time the Association has no outstanding loans.



# CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)

12/30/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

PRODUCER	Lewis R. Cohen Agency 30092 Ivy Glenn, #201 Laguna Niguel, CA 92677	CONTACT NAME: Lewis R Cohen lcohenins@sbcglobal.net
		PHONE (A/C, No, Ext): (949)495-8001 FAX (A/C, No): (949)495-0522
INSURED	Mountain Shadows HOA Mountain Shadows HOA 2000 Golf Club Drive Palm Springs, CA 92264	INSURER(S) AFFORDING COVERAGE
		INSURER A : Farmers Insurance Exchange
		INSURER B : Wesco Insurance Company
		INSURER C :
		INSURER D :
		INSURER E :
		INSURER F :

COVERAGES	CERTIFICATE NUMBER:	REVISION NUMBER:
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LOCATION OF PREMISES / DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
HOA

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	<input checked="" type="checkbox"/> PROPERTY CAUSES OF LOSS DEDUCTIBLES BUILDING BASIC BROAD CONTENTS <input checked="" type="checkbox"/> SPECIAL EARTHQUAKE WIND FLOOD	10,000 014874482	12/31/2022	12/31/2023	<input checked="" type="checkbox"/> BUILDING <input checked="" type="checkbox"/> PERSONAL PROPERTY <input checked="" type="checkbox"/> BUSINESS INCOME EXTRA EXPENSE RENTAL VALUE BLANKET BUILDING BLANKET PERS PROP BLANKET BLDG & PP	\$39,039,900 \$ 61,400 \$ \$ \$ \$ \$ \$ \$
B	<input checked="" type="checkbox"/> workcomp	WWC36190045	12/29/2022	12/29/2023	<input checked="" type="checkbox"/> work comp	\$1,000,000
	<input type="checkbox"/> INLAND MARINE CAUSES OF LOSS NAMED PERILS	TYPE OF POLICY POLICY NUMBER				\$ \$ \$ \$
A	<input checked="" type="checkbox"/> CRIME TYPE OF POLICY	014874482	12/31/2022	12/31/2023	<input checked="" type="checkbox"/> Fidelity	\$\$1,000,000 \$ \$ \$
	<input type="checkbox"/> BOILER & MACHINERY / EQUIPMENT BREAKDOWN					\$ \$ \$
A	General Liability	014874482	12/31/2022	12/31/2023	<input checked="" type="checkbox"/> Gen Liab	\$\$1,000,000
A	Umbrella Liab	014896453	12/31/2022	12/31/2023	<input checked="" type="checkbox"/> Umbrella	\$\$2,000,000

SPECIAL CONDITIONS / OTHER COVERAGES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
 General Liability is per Occur/2MII Agg. Includes separation of insureds, sub waiver  
 Master Policy covers interior and exterior of the Building E3418\*\* (commonly referred to as walls in see\* below E6326 exception) D & O 1 Million  
 -438 BFU - Extended Replacement on Structure (125%) (186 units)  
 \*\*Floors, Ceilings and Wall coverings are excluded (E6326) Includes Bldg Ord & Law 10 Day NOC inflation guard is covered = automatic increase on dec page

CERTIFICATE HOLDER	CANCELLATION
Certificate is for Coverage Verification only Please email us at lcohenins@sbcglobal.net to add or change a loss payee/mortgage company or fax your request to (949) 495-0522 allow 48 hours	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE Lewis R. Cohen

## **Statutory Disclosure**

**This summary of the association's policies of insurance provides only certain information, as required by subdivision (e) of Section 5300 of the Civil Code, and should not be considered as substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or, real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.**

### FHA Reporting of Project Approval

AB 596 amends Civil Code Section 5300 as of July 1, 2016 to require the annual budget report of a condominium project to include a separate statement describing the status of the common interest development as a Federal Housing Administration (FHA) approved condominium project.

Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

The common interest development  is  is not (circle one) a condominium project. The association of this common interest development is   is not (circle one) certified by the Federal Housing Administration.

### VA Reporting of Project Approval

AB 596 amends Civil Code Section 5300 as of July 1, 2016 to require the annual budget report of a condominium project to include a separate statement describing the status of the common interest development as a federal Department of Veterans Affairs (VA) approved condominium project.

Certification by the Department of Veterans Affairs may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

The common interest development  is not (circle one) a condominium project. The association of this common interest development is  (circle one) certified by the federal Department of Veterans Affairs.



**CHARGES FOR DOCUMENTS PROVIDED AS REQUIRED BY SECTION 4525\***

The seller may, in accordance with Section 4530 of the Civil Code, provide to the prospective purchaser, at no cost, current copies of any documents specified by Section 4525 that are in the possession of the seller.

A seller may request to purchase some of all of these documents but shall not be required to purchase ALL of the documents listed on this form.

Date form completed: January 1, 2018  
 Property Address: 123 Anywhere Street, Palm Springs, CA 92262  
 Owner of Property: John and Jane Doe  
 Owner's Mailing Address: 456 Nowhere Street, Chicago, IL 60616  
 (if different from property address)

Provider of the Section 4525 Items:  
 Judith Gonzales, Escrow Specialist, Community Association Financial Services

Check or Complete Applicable Column or Columns Below

Document	Civil Code Section Included	Fee for Document	Not Available (N/A), Not Applicable (N/App), or Directly Provided by Seller and confirmed in writing by Seller as a current document (DP)
Articles of Incorporation	Section 4525(a)(1)	\$5.00	
CC&R's	Section 4525(a)(1)	\$30.00	
Bylaws	Section 4525(a)(1)	\$15.00	
Operating Rules	Section 4525(a)(1)	\$15.00	
Age restrictions, if any	Section 4525(a)(2)	\$10.00	
Rental restrictions, if any	Section 4525(a)(9)	\$10.00	
Annual budget report or summary, including reserve study	Sections 5300 and 4525(a)(3)	\$15.00	
Assessment and reserve funding disclosure summary	Sections 5300 and 4525(a)(4)	\$10.00	
Financial Statement review	Sections 5305 and 4525(a)(3)	\$10.00	
Assessment enforcement policy	Sections 5310 and 4525(a)(4)	\$10.00	
Insurance Summary	Sections 5300 and 4525(a)(3)	\$5.00	
Regular Assessment	Section 4525(a)(4)	\$5.00	
Special Assessment	Section 4525(a)(4)	\$5.00	
Emergency Assessment	Section 4525(a)(4)	\$5.00	
Other unpaid obligations of seller	Sections 5675 and 4525(a)(4)	\$5.00	
Approved changes to assessments	Section 5300 and 4525(a)(4), (8)	\$5.00	
Settlement notice regarding common area defects	Sections 4525(a)(6), (7), and 6100	\$5.00	
Preliminary list of defects	Sections 4525(a)(6), 6000, and 6100	\$5.00	
Notice of violation	Sections 5855 and 4525(a)(5)	\$15.00	
Required statement of fees	Section 4525	No charge	
Minutes of regular board meetings conducted over the previous 12 months, if requested	Section 4525(a)(10)	\$20.00	

\*The information provided by this form may not include all fees that may be imposed before the close of escrow. Additional fees that are not related to the requirements of Section 4525 shall be charged separately.