

SAMPLE — Real Client Report

Report B — Reserve Study Review | HOA Risk Insights

RESERVE STUDY REVIEW

HOA Risk Insights

Property Address:	Address removed for privacy
Buyer(s):	Name removed for privacy
HOA Name:	[REDACTED]
Date of Review:	June 15, 2026
Reserve Study Date:	October 28, 2025
Prepared by:	Compliance Review Solutions (925) 940-7625

The following Buyer Reserve Study Review (“Review”) is provided for Buyer’s informational purposes only. The following additional disclaimers are made and accepted by Buyer: (1) The Review covers only the reserve-related financial documents provided; (2) The Review is only current as of the date of the documents as noted; (3) The Review does not guarantee the accuracy of the documents provided and reviewed; (4) The Review does not forecast any future action that may be taken by the HOA, the Board of Directors, or the Property Management Company.

DOCUMENTS RECEIVED / ANALYZED

Document	Category	Action
ANNUAL BUDGET REPORT		
Board Cover Letter — HMC / Board of Directors, dated November 10, 2025	HOA	Analyzed — fiscal year 2026 assessment rates and budget narrative
2026 Approved Annual Budget — generated October 30, 2025	HOA	Analyzed — total expenses, reserve contribution, operating line items
ASSESSMENT AND RESERVE FUNDING DISCLOSURE		
Assessment and Reserve Funding Disclosure Summary — [REDACTED], Concord, fiscal year beginning 1/1/2026, prepared by Association Reserves, dated 10/28/2025	HOA	Analyzed — fully funded balance, projected reserve balance, percent funded, scheduled special assessments, 30-year sufficiency certification
RESERVE STUDY SUMMARY		
30-Year Reserve Plan — Association Reserves, fiscal year start 1/1/2026	HOA	Analyzed — year-by-year beginning balance, fully funded balance, percent funded, reserve contribution, loan/special assessments, interest income, reserve expenses, risk ratings for years 2026–2055
SB326/EEE — EXTERIOR ELEVATED ELEMENTS INSPECTION		
SB326/EEE Inspection Report — Not provided in this document package	HOA	Not provided
NOTICES AND DISCLOSURES (Out of scope for Report B)		
Insurance Summary, Document Fee Disclosure, Collection/Foreclosure Policy, IDR/ADR Summaries, CC&Rs, Rules and Regulations, Asbestos Disclosure, and additional HOA governance documents	HOA	Out of scope for Report B

SAMPLE — Real Client Report

Report B — Reserve Study Review | HOA Risk Insights

FINANCIAL STATEMENTS		
Balance Sheet / Year-End Financial Statements	HOA	Not provided — Reserve Study projected balance used for all calculations

Documents Received: 1 file uploaded | Documents Analyzed: 35 individual documents identified within the uploaded file

EXECUTIVE SUMMARY

Reserve Health Rating: **UNDERFUNDED (27.4% Funded)**

STRONG $\geq 100\%$ | ADEQUATE 70–99% | MODERATELY UNDERFUNDED 40–69% | UNDERFUNDED 20–39% | CRITICALLY UNDERFUNDED $< 20\%$

Reserve Funding Status

- [REDACTED] — 100 units, condominium project, Concord, CA. Reserve Study prepared by Association Reserves, October 28, 2025.
- Reserve fund is UNDERFUNDED at 27.4% as of January 1, 2026 (Reserve Study projected balance used — no actual balance sheet provided). Per-unit estimated deficiency: \$17,934.
- Amount Required to be Fully Funded: \$2,469,208. Reserve Study Projected Balance: \$675,781. Gap: \$1,793,427.
- Annual reserve contribution for fiscal year 2026: \$100,000.

Financial Outlook

- The 30-Year Reserve Plan projects the fund will remain HIGH RISK through 2033, transition to MEDIUM RISK from 2034 through 2045, and reach LOW RISK beginning 2046.
- The fund does not reach 100% funded within the 30-year projection period. Projected percent funded at 2055: 99.4% (\$4,217,894 balance against \$4,241,748 fully funded target).
- Net after-tax interest rate: 3.00% for 2026–2027; escalating to 3.75% beginning 2036 as stated in the Reserve Study. Average 30-year inflation rate: 3.00%.
- The Board has certified that currently projected reserve balances will NOT be sufficient at the end of each year to meet the association's obligations over the next 30 years.

Special Assessment Status

- No special assessment has been passed by owner vote as of the date of the Disclosure Summary (October 28, 2025).
- The Assessment and Reserve Funding Disclosure Summary discloses future additional reserve transfers of \$10,000 per unit in 2027 and \$3,000 per unit in 2030, totaling \$13,000 per unit. No Board resolution or meeting minutes confirming approval of these transfers was included in this document package.
- These transfers are reflected in the 30-Year Reserve Plan as loan/special assessment line items: \$1,000,000 in 2027 and \$300,000 in 2030.
- Maximum special assessment without member vote: \$37,584.18 total / \$375.84 per unit.

Key Risk Flags

- Reserve fund rated UNDERFUNDED at 27.4% as of 1/1/2026. The 30-Year Reserve Plan designates fiscal year 2026 as HIGH RISK.
- The Board has certified on the Disclosure Summary that the 30-year reserve funding plan is NOT sufficient without additional assessments.
- No actual reserve balance from a balance sheet was provided — the Reserve Study projected balance of \$675,781 is the only available figure.
- SB326/EEE inspection date: Not available from documents provided — see Section 6.

SAMPLE — Real Client Report

- Asbestos disclosure on file: units built 1972 — potential asbestos in ceiling material, drywall, and taping mud; buyer-initiated unit inspection is at owner expense.

SECTION 1 — FUNDING STATUS

Metric	Amount	Source
Amount Required to be Fully Funded	\$2,469,208	Assessment and Reserve Funding Disclosure Summary, §5570, prepared by Association Reserves, dated 10/28/2025
Reserve Study Projected Balance	\$675,781	Assessment and Reserve Funding Disclosure Summary, dated 10/28/2025
Reserve Fund Balance (Beginning of Year)	\$675,781	Reserve Study projected balance used — no balance sheet or financial statement was included in this document package
Fully Funded %	27.4%	Calculated: $\$675,781 \div \$2,469,208 = 27.4\%$
Risk Rating	UNDERFUNDED	5-Tier Scale: STRONG $\geq 100\%$ ADEQUATE 70–99% MODERATELY UNDERFUNDED 40–69% UNDERFUNDED 20–39% CRITICALLY UNDERFUNDED $< 20\%$

Note: The 30-Year Reserve Plan prepared by Association Reserves designates fiscal year 2026 as HIGH RISK. The 5-tier rating scale applied in this review produces a rating of UNDERFUNDED (20%–39%) at 27.4% funded.

Definition of a Fully Funded Reserve Balance

A Fully Funded Reserve Balance means the reserve fund has the appropriate amount of funds for the specific point in time, assuming the HOA will continue the annual contributions to have full funds for the repair when needed.

Here is a simple example without taking interest and inflation into consideration. If the Association's reserve study says the roof with a 40-year useful life will need to be replaced in 10 years at a replacement cost of \$100,000, and the Association has deposited \$2,500 per year for 30 years:

The Reserve Balance for the roof is \$75,000, which is considered Fully Funded for this point in time — with the underlying assumption that the additional \$2,500 per year will be deposited in the Reserve Account to have the full \$100,000 in 10 years when the roof needs to be replaced.

$$\text{Fully Funded Reserve Balance} = (\text{Age} / \text{Useful Life}) \times \text{Replacement Cost}$$

$$\text{Fully Funded Reserve Balance} = (30 \text{ Years} / 40 \text{ Years}) \times \$100,000 = 0.75 \times \$100,000 = \$75,000$$

At 27.4%, the Association has set aside approximately \$0.27 for every \$1.00 it will need for every component the HOA is responsible for maintaining and replacing.

SECTION 2 — DEFICIENCY ANALYSIS

Estimated Deficiency per Unit

Number of Units: 100 (Source: 2026 Approved Annual Budget)

Reserve Study Projected Balance: \$675,781 (Source: Assessment and Reserve Funding Disclosure Summary, dated 10/28/2025)

Calculation: $(\text{Required} - \text{Reserve Study Projected Balance}) \div \text{Units} = (\$2,469,208 - \$675,781) \div 100 = \$1,793,427 \div 100$

Estimated Deficiency per Unit: \$17,934.27

This figure is consistent with the \$17,934 Reserve Deficit stated verbatim on the Assessment and Reserve Funding Disclosure Summary prepared by Association Reserves, dated 10/28/2025. Always based on the Reserve Study projected balance — not the actual balance.

Actual Deficiency per Unit

NOT AVAILABLE. No Balance Sheet or financial document providing the actual reserve balance was included in this package. The Estimated Deficiency of \$17,934.27 per unit (based on the Reserve Study projected balance) is the best available figure.

Actual Deficiency per Unit: NOT AVAILABLE

If a balance sheet or financial statement is subsequently provided, this calculation should be repeated using the lower of the stated actual balance figures per the Beginning Balance Rule.

SB326/EEE Adjustment to Deficiency

SB326/EEE inspection date: Not available from documents provided — see Section 6.

No SB326/EEE repair costs have been identified outside the Reserve Study in this document package. No adjustment to the deficiency calculation is applied.

SAMPLE — Real Client Report

Report B — Reserve Study Review | HOA Risk Insights

SECTION 3 — PROJECTED RESERVE BALANCE (10-Year Outlook)

Projection Period: 2026–2035 | Starting Balance: \$675,781 (Reserve Study projected beginning balance as of 1/1/2026 — no actual balance sheet was available)

Rationale: The 10-year projection period was selected to capture the two disclosed additional reserve transfers in 2027 (\$1,000,000) and 2030 (\$300,000), the highest single-year expense year (2027: \$1,265,837), and the transition from HIGH RISK to MEDIUM RISK status beginning in 2034. All figures extracted directly from the 30-Year Reserve Plan prepared by Association Reserves, dated 10/28/2025. No actual balance sheet was provided; the Reserve Study projected balance of \$675,781 is used as the starting point.

Year	Start Bal.	Rsv Contrib	Loan/ Spcl Assmt	Int. Income	Expenses	End Bal.	FF Reqd.	% Fnd / Risk
2026	\$675,781	\$100,000	\$0	\$16,901	\$340,270	\$452,411	\$2,469,208	27.4% High
2027	\$452,411	\$113,000	\$1,000,000	\$11,436	\$1,265,837	\$311,011	\$2,396,242	18.9% High
2028	\$311,011	\$127,690	\$0	\$5,924	\$360,207	\$84,417	\$1,373,856	22.6% High
2029	\$84,417	\$144,290	\$0	\$3,564	\$78,786	\$153,485	\$1,259,884	6.7% High
2030	\$153,485	\$163,047	\$300,000	\$3,651	\$529,968	\$90,214	\$1,438,831	10.7% High
2031	\$90,214	\$184,243	\$0	\$4,429	\$73,428	\$205,458	\$1,165,098	7.7% High
2032	\$205,458	\$208,195	\$0	\$8,341	\$70,628	\$351,367	\$1,360,258	15.1% High
2033	\$351,367	\$235,260	\$0	\$13,455	\$53,254	\$546,829	\$1,571,232	22.4% High
2034	\$546,829	\$265,844	\$0	\$19,474	\$79,008	\$753,138	\$1,813,718	30.1% Medium
2035	\$753,138	\$300,404	\$0	\$27,278	\$13,048	\$1,067,772	\$2,044,458	36.8% Medium

Assumptions: Net After-Tax Interest Rate 3.00% (2026–2027); escalating to 3.75% beginning 2036 as stated in Reserve Study | Avg 30-Year Inflation Rate 3.00% | All annual figures (Reserve Funding, Loan/Special Assessments, Interest Income, Reserve Expenses) extracted verbatim from the 30-Year Reserve Plan source table. End Balance for each year equals the following year's Starting Reserve Balance per the source document. The Fully Funded Required column is populated for all 10 years as stated in the source document.

Note: The 2027 Reserve Expenses figure of \$1,265,837 represents the highest single-year expenditure in the 10-year window, driven by major component replacements scheduled in that year per the Reserve Study component schedule.

Estimated Reserve Deficiency per Unit at End of 10-Year Projection (2035)

Fully Funded Balance Required at 2035: \$2,044,458 | Projected Starting Balance: \$1,067,772 (2036 beginning balance per source document)

Deficiency at End of 10-Year Projection: $(\$2,044,458 - \$1,067,772) \div 100 \text{ units} = \$9,767 \text{ per unit}$

This represents a reduction in the per-unit deficiency from \$17,934 at the start of 2026 to \$9,767 by end of 2035, assuming the full contribution schedule and disclosed transfers are implemented as projected.

SAMPLE — Real Client Report

Report B — Reserve Study Review | HOA Risk Insights

The reserve fund remains in HIGH RISK through 2033 and does not reach MEDIUM RISK status until 2034. The single largest expenditure year in the 10-year window is 2027 (\$1,265,837 in Reserve Expenses), which, combined with the \$1,000,000 disclosed transfer, will require careful cash flow management. The fund's trajectory is highly dependent on implementation of the disclosed contribution increases and transfers. If the contribution schedule is not followed, the fund will fall further below projections in each successive year.

SECTION 4 — SPECIAL ASSESSMENT ANALYSIS

Maximum Special Assessment Without Owner Vote

Per Civil Code §5610, the Board may impose a special assessment up to 5% of the budgeted gross expenses without a membership vote.

Item	Amount
Total 2026 Budget	\$751,683.52
Maximum Special Assessment (5%, no vote required) — Total	\$37,584.18
Maximum Special Assessment per Unit Without Owner Vote	\$375.84

History of Special Assessments

No prior special assessments were identified in this document package.

Assessment and Reserve Funding Disclosure — Key Finding

The Assessment and Reserve Funding Disclosure Summary directly answers the sufficiency question:

Q: Will projected reserve balances be sufficient to meet the Association's obligations over the next 30 years?

A: **NO.**

The Board of Directors certified on the Assessment and Reserve Funding Disclosure Summary, prepared by Association Reserves and dated October 28, 2025, that currently projected reserve account balances will NOT 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.

The Disclosure Summary reflects the following additional reserve transfers in the 30-Year Reserve Plan:

Approx. Year	Avg. Total Amount Per Unit	Purpose
2027	\$10,000 per unit	Additional reserve transfer disclosed in Assessment and Reserve Funding Disclosure Summary (\$1,000,000 total — reflected in 30-Year Reserve Plan)
2030	\$3,000 per unit	Additional reserve transfer disclosed in Assessment and Reserve Funding Disclosure Summary (\$300,000 total — reflected in 30-Year Reserve Plan)
TOTAL	\$13,000 per unit	

Note: These transfers are disclosed in the Assessment and Reserve Funding Disclosure Summary and reflected in the 30-Year Reserve Plan as loan/special assessment line items. No Board resolution or meeting minutes confirming formal approval of these transfers was included in this document package. The method of collection — whether as increased monthly assessments, a lump-sum levy, or from other sources — is not specified in the documents provided.

The Board has certified in writing that the 30-year reserve funding plan is not sufficient without additional transfers. The two disclosed transfers total \$13,000 per unit and are already incorporated into the 30-Year Reserve Plan projections in Section 3. No confirming Board resolution was provided in this document package.

SAMPLE — Real Client Report

SECTION 5 — ANNUAL HOA DUES OUTLOOK

2026 Monthly Assessment (Dues) Breakdown

Component	Annual Total	Per Unit / Month
Operating Expenses (excl. reserve contribution)	\$644,400.00	\$536.71
Reserve Contribution	\$100,000.00	\$83.33
Total Assessment Income from Dues (2026)	\$748,800.00	\$624.04

Note: Total monthly assessment income for 2026 is \$62,404.00 per month across 100 units (\$748,800 annually). Actual dues vary by unit type (Types A through E range from \$561 to \$739 per month in 2026); all per-unit figures above reflect the average across all 100 units.

10-Year HOA Dues Projection (Reserve Study Recommended Funding Rate)

Year	Reserve Contrib/Unit/Mo.	Est. Operating/Unit/Mo. (3% inflation)	Est. Total Dues/Unit/Mo.	% Annual Increase Max (20%)
2026	\$83.33	\$536.71	\$620.04	—
2027	\$94.17	\$552.81	\$646.98	+4.3% 20%
2028	\$106.41	\$569.40	\$675.81	+4.5% 20%
2029	\$120.24	\$586.48	\$706.72	+4.6% 20%
2030	\$135.87	\$604.07	\$739.94	+4.7% 20%
2031	\$153.54	\$622.19	\$775.73	+4.8% 20%
2032	\$173.50	\$640.86	\$814.36	+5.0% 20%
2033	\$196.05	\$660.08	\$856.13	+5.1% 20%
2034	\$221.54	\$679.89	\$901.43	+5.3% 20%
2035	\$250.34	\$700.28	\$950.62	+5.5% 20%

The average per-unit monthly dues are projected to increase from \$620.04 in 2026 to \$950.62 by 2035 — a total increase of \$330.58 per unit per month (53%) over the 10-year window. Two components drive this increase: (1) the reserve contribution escalates from \$83.33 to \$250.34 per unit per month, a 200% increase, as the 30-Year Reserve Plan calls for substantially higher annual contributions; and (2) the operating expense component escalates from \$536.71 to \$700.28 per unit per month at the stated 3.00% annual inflation rate.

Compliance Review Solutions has not verified if the HOA Board has followed the Reserve Study recommendations in the past or will in the future.

SECTION 6 — SB 326/EEE EXTERIOR ELEVATED ELEMENTS

Item	Finding
EEE Inspection Date	Not available — no SB326/EEE inspection report or reference to a completed inspection was included in this document package
Reserve Study Date	October 28, 2025 — prepared by Association Reserves
Inspection vs. Reserve Study	Cannot be determined — last SB326/EEE inspection date is unknown
EEE Repair Costs in Reserve Study	Cannot be confirmed — no SB326/EEE inspection report provided
SB326/EEE Warning Required	Yes — inspection status unconfirmed; see note below
Next Inspection Cycle	Cannot be calculated — last inspection date not stated in any document provided

SB326/EEE Applicability

[REDACTED] was built in 1972 and is a condominium project with 100 units. The property includes balconies and patios referenced throughout the CC&Rs, Rules and Regulations, and Balcony/Patio Rules — these are Exterior Elevated Elements that may be subject to SB326/EEE if they are more than 6 feet above ground and rely substantially on wood or wood-based materials. No exemption claim (e.g., steel construction) was asserted in any document provided in this package.

California Civil Code §5551 requires associations to have Exterior Elevated Elements inspected by a licensed structural engineer or architect every 9 years.

Because no SB326/EEE inspection date is stated or documented in this package, it cannot be determined whether the inspection predates or postdates the Reserve Study, or whether any repair costs identified in a completed inspection are reflected in the current Reserve Study figures. The buyer’s agent may request documentation of the most recent SB326/EEE inspection report from the seller or listing agent as part of the seller’s disclosure obligation. A management company assertion regarding SB326/EEE compliance or exemption alone may not be sufficient — verification by a licensed professional is advisable.

Reserve Study Physical Inspection Cycle

Reserve Study date: October 28, 2025. Whether this study included a full physical inspection cannot be confirmed from the documents provided — only the Assessment and Reserve Funding Disclosure Summary and 30-Year Reserve Plan pages were included in this package; the full Reserve Study report was not provided.

If the October 28, 2025 study included a physical inspection, the next full Reserve Study with physical inspection is due no later than October 28, 2028. As of the date of this review (June 15, 2026), that due date has not yet passed.

SECTION 7 — BOTTOM LINE FOR THE BUYER

Risk Findings

- Reserve fund is rated UNDERFUNDED at 27.4% funded as of January 1, 2026. The 30-Year Reserve Plan designates fiscal year 2026 as HIGH RISK. The fund remains HIGH RISK through 2033.
- The Board of Directors has certified in writing that the 30-year reserve funding plan is NOT sufficient without additional transfers.
- The 30-Year Reserve Plan shows the fund dropping to a low of \$84,417 (6.7% funded) in 2029 before the \$300,000 disclosed transfer in 2030 provides temporary recovery. The single largest expenditure year in the projection is 2027 at \$1,265,837.
- No balance sheet or financial statement was provided in this document package — the actual reserve balance as of any date in 2026 is unknown.
- SB326/EEE inspection report was not included in this package — inspection date, findings, and any repair costs not yet reflected in the Reserve Study are unknown.

Informational / Neutral

- [REDACTED] consists of 100 units, built 1972, Concord, CA. Reserve Study prepared by Association Reserves, dated October 28, 2025 — within the 3-year physical inspection cycle; next full physical inspection due no later than October 28, 2028.
- The reserve fund begins fiscal year 2026 at \$675,781 against a fully funded target of \$2,469,208 — a gap of \$1,793,427, or \$17,934 per unit. By end of 2035, the projected per-unit deficiency narrows to \$9,767 if the full contribution schedule is implemented.
- The Assessment and Reserve Funding Disclosure Summary discloses additional reserve transfers of \$10,000 per unit in 2027 and \$3,000 per unit in 2030. No Board resolution confirming these transfers was included in this document package.
- Annual reserve contributions escalate from \$100,000 in 2026 to \$300,404 by 2035 per the 30-Year Reserve Plan — a 200% increase over the 10-year window.
- The property was built in 1972; an asbestos disclosure is on file for interior materials in individual units (ceiling material, drywall, and taping mud). Buyer-initiated unit inspection is at owner expense.

Questions the Buyer Should Ask Before the HOA Contingency Period Expires

1. What is the current actual reserve fund balance as of the most recent bank statement, and can a copy of that statement be provided?
2. Has a full Reserve Study with physical site inspection been completed? If so, please provide a copy of the complete Reserve Study (not just the Disclosure Summary pages).
3. Has a completed SB326/EEE Exterior Elevated Elements inspection been performed? If so, please provide the full inspection report, the date of inspection, the name of the licensed structural engineer or architect who performed it, and any list of identified repairs.

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