

**Seal Beach Mutual Eight  
Operating Budget  
Year Ended December 31, 2021**

348 Apartments	Average Monthly Per Apartment			Operating Budget In Dollars		
	2021	2020	Change	2021	2020	Change
Electricity	5.43	6.15	(0.72)	22,676	25,682	(3,006)
Telephone	0.04	0.03	0.01	167	125	42
Water	15.00	14.26	0.74	62,640	59,550	3,090
Trash	9.50	8.89	0.61	39,672	37,125	2,547
<b>Total Utilities</b>	<b>29.97</b>	<b>29.33</b>	<b>0.64</b>	<b>125,155</b>	<b>122,482</b>	<b>2,673</b>
Management Fee	0.56	0.56	0.00	2,339	2,339	0
Legal Fees	3.11	2.75	0.36	12,987	11,484	1,503
Investment Fees	0.00	0.00	0.00	0	0	0
<b>Total Professional Fees</b>	<b>3.67</b>	<b>3.31</b>	<b>0.36</b>	<b>15,326</b>	<b>13,823</b>	<b>1,503</b>
Janitorial Services	0.83	0.76	0.07	3,466	3,174	292
Landscape - Contract	31.77	30.36	1.41	132,672	126,783	5,889
Landscape - Extras	1.20	3.83	(2.63)	5,011	15,994	(10,983)
Landscape - Trees	2.87	0.00	2.87	11,985	0	11,985
Green Waste Bins	0.00	1.19	(1.19)	0	4,969	(4,969)
Painting	1.87	1.87	0.00	7,809	7,809	0
Pest Control	2.46	2.17	0.29	10,273	9,062	1,211
Structural Repairs	2.87	5.39	(2.52)	11,985	22,509	(10,524)
Miscellaneous Services	0.96	0.96	0.00	4,009	4,009	0
Escrow Expense	0.00	0.00	0.00	0	0	0
Standard Service	13.17	14.45	(1.28)	54,998	60,343	(5,345)
<b>Total Services</b>	<b>58.00</b>	<b>60.98</b>	<b>(2.98)</b>	<b>242,208</b>	<b>254,652</b>	<b>(12,444)</b>
State & Federal Taxes	2.30	2.66	(0.36)	9,605	11,108	(1,503)
Property & Liability Insurance	24.32	23.35	0.97	101,560	97,510	4,050
<b>Total Taxes &amp; Insurance</b>	<b>26.62</b>	<b>26.01</b>	<b>0.61</b>	<b>111,165</b>	<b>108,618</b>	<b>2,547</b>
<b>Operating Expenses</b>	<b>118.26</b>	<b>119.63</b>	<b>(1.37)</b>	<b>493,854</b>	<b>499,575</b>	<b>(5,721)</b>
Income from Services						
Merchandise Sales	0.00	0.00	0.00	0	0	0
Laundry Machines	0.89	0.77	0.12	3,717	3,216	501
<b>Total Services Income</b>	<b>0.89</b>	<b>0.77</b>	<b>0.12</b>	<b>3,717</b>	<b>3,216</b>	<b>501</b>
Financial Income						
Interest Income	8.13	12.45	(4.32)	33,951	51,991	(18,040)
Interest Income Allocation	0.00	0.00	0.00	0	0	0
Gain/Loss on Investment	0.00	0.00	0.00	0	0	0
Late Charges	0.31	0.31	0.00	1,295	1,295	0
Inspection Fees	8.14	9.58	(1.44)	33,993	40,006	(6,013)
Miscellaneous	0.04	0.00	0.04	167	0	167
Parking Fines	0.00	0.00	0.00	0	0	0
<b>Total Financial Income</b>	<b>16.62</b>	<b>22.34</b>	<b>(5.72)</b>	<b>69,406</b>	<b>93,292</b>	<b>(23,886)</b>
<b>Operating Income</b>	<b>17.51</b>	<b>23.11</b>	<b>(5.60)</b>	<b>73,123</b>	<b>96,508</b>	<b>(23,385)</b>
Net Operating Cost	100.75	96.52	4.23	420,731	403,067	17,664
Reserve Funding	120.66	109.86	10.80	503,876	458,768	45,108
<b>Total Mutual Costs</b>	<b>221.41</b>	<b>206.38</b>	<b>15.03</b>	<b>924,607</b>	<b>861,835</b>	<b>62,772</b>
Allocated Trust Cost	165.05	163.11	1.94	689,249	681,147	8,101
<b>Regular assessment</b>	<b>386.46</b>	<b>369.49</b>	<b>16.97</b>	<b>1,613,856</b>	<b>1,542,982</b>	<b>70,873</b>

Property taxes are assessed to the stockholder's unit and are added to the regular assessment and become part of the monthly payment. Accordingly, they are excluded from the operating budget.

**Seal Beach Mutual Eight  
Assessment And Reserve Funding Disclosure Summary**

- 1) The current regular assessment per ownership interest per month is \$ 386.46 and the portion allocated to reserves per ownership interest per month is \$ 99.49 .
- 2) Neither the board nor the members have approved additional assessments for any purpose.
- 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 component 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 yet been approved by the board or the members?
- 5) No major components, were omitted from the reserve study, and none are excluded from the existing reserve funding:
- 6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated required amount to be in the reserve fund at the end of the 2020 fiscal year is \$ 4,259,935 based in whole or in part on the last reserve study or update prepared by the board as of 8/5/2021. The projected reserve fund cash balance at the end of the 2020 fiscal year is \$ 1,962,714 in reserves being 46.1% funded at this date.
- 7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated required amount to be in the reserve fund, the projected fund balance of those years, taking into account only assessments approved and other known revenues, and the percentage funded at the end of each of the next five years is:

Year	Required Funding	Projected Fund Bal.	% Funded
2021	\$4,023,569	\$ 1,734,702	43.1%
2022	3,724,099	1,428,439	38.4%
2023	3,453,743	1,184,651	34.3%
2024	3,306,640	1,041,811	31.5%
2025	3,459,505	1,279,949	37.0%

This financial representation set forth in this summary is based on the best estimates of the board at this time and is further predicated on the board maintaining the current Reserve Funding Plan.

**Seal Beach Mutual Eight  
Replacement Reserve Summary  
Budget Year 2021**

While preparing the annual operating budget, the board reviews the conditions and assumptions regarding the common interest of the Mutual. This review consists of updating the replacement cost and remaining useful life of the Mutual's common interest property. This data is used to develop reserve requirements using the formula set forth in Civil Code 5570 (b) (4). The board expects to finance all replacements through regular assessments to the shareholders. Accordingly, the board does not plan any special assessments.

Fund	Estimated			Reserve Funding			
	Useful Life	Remaining Life	Replacement Cost	Required Funding	Estimated Beg. Bal.	Planned 2021 Funding	Estimated % Funded
Paint	5 - 10	3 - 8	517,850	204,820	204,820	0	100.0%
Roof	30 - 35	0 - 31	3,920,700	2,531,059	1,033,978	354,288	54.8%
Infrastructure	2 - 40	0 - 18	1,901,000	1,524,056	723,917	61,200	51.5%
Total			6,339,550	4,259,935	1,962,714	415,488	55.8%

**Seal Beach Mutual Eight  
Project Listing for Budget Year  
2021**

**Painting Reserve Projects**

Description	Unit		Base Line		Year Acqurd	Repl Year	Yrs. In Serv.	Useful Life	Years Left	Fnding Ratio	Required Balance	Est. Beg. Bal.	(Surplus)/ Deficit	% Funded
	#	Cost	Year	Cost										
Interior Surfaces - Repaint	1	10,150	2021	10,150	2015	2025	6	10	4	60.0%	6,090	6,090	0	100.0%
Pole Lights - Repaint	1	9,700	2021	9,700	2019	2024	2	5	3	40.0%	3,880	3,880	0	100.0%
Res. Bldg Stucco - Repaint	1	<b>252,000</b>	2021	252,000	2019	2029	2	10	8	20.0%	50,400	50,400	0	100.0%
Res Bldgs Wood Surfaces -	1	70,000	2021	70,000	2019	2024	2	5	3	40.0%	28,000	28,000	0	100.0%
Carports - Repaint	1	<b>153,500</b>	2021	153,500	2014	2024	7	10	3	70.0%	107,450	107,450	0	100.0%
Wood Surfaces - Repair	1	22,500	2021	22,500	2019	2024	2	5	3	40.0%	9,000	9,000	0	100.0%
<i>Set aside for painting</i>		517,850		517,850							204,820	204,820	0	100.0%

**Roofing Reserve Projects**

Description	Unit		Base Line		Year Acqurd	Repl Year	Yrs. In Serv.	Useful Life	Years Left	Fnding Ratio	Required Balance	Est. Beg. Bal.	(Surplus)/ Deficit	% Funded
	#	Cost	Year	Cost										
(2021) Building Roofs - Rep	1	562,500	2021	562,500		2021			0	100.0%	562,500	229,790	332,710	40.9%
(2022) Building Roofs - Rep	1	562,500	2021	562,500		2022			1	96.7%	543,750	222,131	321,619	40.9%
(2023) Building Roofs - Rep	1	562,500	2021	562,500		2023			2	93.3%	525,000	214,471	310,529	40.9%
(2026) Building Roofs - Rep	1	562,500	2021	562,500		2026			5	83.3%	468,750	191,492	277,258	40.9%
(2050) Building Roofs - Rep	1	1,111,500	2021	1,111,500		2050			29	3.3%	37,050	15,136	21,914	40.9%
(2028) Carport Roofs - Repl	1	185,000	2021	185,000		2028			7	79.4%	146,912	60,016	86,896	40.9%
(2029) Carport Roofs - Repl	1	230,000	2021	230,000		2029			8	77.1%	177,429	72,482	104,946	40.9%
(2052) Carport Roofs - Repl	1	37,000	2021	37,000		2052			31	11.4%	4,229	1,727	2,501	40.9%
Gutters/Downspouts (2021)	1	16,500	2021	16,500		2021			0	100.0%	16,500	6,741	9,759	40.9%
Gutters/Downspouts (2022)	1	16,500	2021	16,500		2022			1	96.7%	15,950	6,516	9,434	40.9%
Gutters/Downspouts (2023)	1	16,500	2021	16,500		2023			2	93.3%	15,400	6,291	9,109	40.9%
Gutters/Downspouts (2026)	1	16,500	2021	16,500		2026			5	83.3%	13,750	5,617	8,133	40.9%
Gutters/Downspouts (2030)	1	3,700	2021	3,700		2030			9	70.0%	2,590	1,058	1,532	40.9%
Gutters/Downspouts (2050)	1	26,000	2021	26,000		2050			29	3.3%	867	354	513	40.9%
Laundry Gutters (2050) - Re	1	11,500	2021	11,500		2050			29	3.3%	383	157	227	40.9%
<i>Set aside for roofing</i>		3,920,700		3,920,700							2,531,059	1,033,978	1,497,081	40.9%

**Seal Beach Mutual Eight  
Project Listing for Budget Year  
2021**

**Infrastructure Reserve Projects**

Description	Unit		Base Line		Year Acqurd	Repl Year	Yrs. In Serv.	Useful Life	Years Left	Fnding Ratio	Required Balance	Est. Beg. Bal.	(Surplus)/ Deficit	% Funded
	#	Cost	Year	Cost										
Bumper Rails - Replace/Rep	1	19,500	2021	19,500		2039			18	10.0%	1,950	926	1,024	47.5%
Meter Cabinet Doors - Repla	1	16,000	2021	16,000		2023			2	86.7%	13,867	6,587	7,280	47.5%
Small Utility Doors - Replac	1	10,950	2021	10,950		2023			2	86.7%	9,490	4,508	4,982	47.5%
WH & Laundry Doors - Rep	1	6,300	2021	6,300		2023			2	86.7%	5,460	2,593	2,867	47.5%
Attic Screens - Replace	1	8,650	2021	8,650		2030			9	70.0%	6,055	2,876	3,179	47.5%
Bldg & Carport Signage - Re	1	9,850	2021	9,850		2023			2	88.9%	8,756	4,159	4,597	47.5%
Sewer Pipes Replace	1	150,000	2021	150,000		2022			1	50.0%	75,000	35,625	39,375	47.5%
Dist Piping & W/H (2024)	1	200,000	2021	200,000		2024			3	92.5%	185,000	87,874	97,126	47.5%
Dist Piping & W/H (2025)	1	200,000	2021	200,000		2025			4	90.0%	180,000	85,499	94,501	47.5%
Dist Piping & W/H (2025)	1	200,000	2021	200,000		2026			5	87.5%	175,000	83,124	91,876	47.5%
Dist Piping & W/H (2027)	1	200,000	2021	200,000		2027			6	85.0%	170,000	80,749	89,251	47.5%
Dist Piping & W/H (2028)	1	200,000	2021	200,000		2028			7	82.5%	165,000	78,374	86,626	47.5%
Dist Piping & W/H (2029)	1	200,000	2021	200,000		2029			8	80.0%	160,000	75,999	84,001	47.5%
Dist Piping & W/H (2030)	1	250,000	2021	250,000		2030			9	77.5%	193,750	92,030	101,720	47.5%
Pole Lights - Replace	1	97,000	2021	97,000		2028			7	76.7%	74,367	35,324	39,043	47.5%
Laundry Wall Lights - Repla	1	6,750	2021	6,750		2026			5	75.0%	5,063	2,405	2,658	47.5%
Laundry Sinks - Replace	1	6,500	2021	6,500		2030			9	70.0%	4,550	2,161	2,389	47.5%
Concrete - Repair	1	60,500	2021	60,500		2021			0	100.0%	60,500	28,737	31,763	47.5%
Trash Area Block Wall - Rep	1	25,000	2021	25,000		2031			10	50.0%	12,500	5,937	6,563	47.5%
Irrigation Controllors - Repla	1	11,400	2021	11,400		2030			9	25.0%	2,850	1,354	1,496	47.5%
Landscape - Emergency	1	16,000	2021	16,000		2025			4	60.0%	9,600	4,560	5,040	47.5%
Storage Sheds - Replace	1	2,600	2021	2,600		2031			10	50.0%	1,300	617	683	47.5%
Trees - Trim/Remove/Replac	1	4,000	2021	4,000		2021			0	100.0%	4,000	1,900	2,100	47.5%
		1,901,000		1,901,000							1,524,056	723,917	800,138	47.5%

Total requirements

6,339,550

4,259,935	1,962,714	2,297,220	46.1%
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**The Base Line Costs will be increased by an Inflation Factor every year through the Replacement Year.**

**Seal Beach Mutual Eight  
Reserve Contributions Work Sheet  
Budget Year 2021**

<b>Fund</b>	<b>Estimated Remaining Life</b>	<b>Current Replacement Cost</b>	<b>Reserve Balance Required</b>	<b>Est. Beg. Bal.</b>	<b>Annual Contribution</b>	<b>Per Unit Per Month</b>
Appliance	See Note 1	55,003	55,003	21,615	33,388	
Contribution to the Appliance fund						\$ 8.00
Painting	3 - 8	517,850	204,820	204,820	0	Note (2)
Roofing	0 - 31	3,920,700	2,531,059	1,033,978	354,288	Note (3)
Infrastructure	0 - 18	1,901,000	1,524,056	723,917	61,200	Note (4)
		6,339,550	4,259,935	1,962,714	415,488	\$ 99.49
Emergency Reserve				168,160	55,000	Note (5)
Total for budget				2,152,489	503,876	\$ 120.66

Project Reserve Contribution Comparison				
Project	2021	2020	Change	Chg PAPM
Appliance	33,388	44,368	(10,980)	(2.63)
Painting	-	181,200	(181,200)	(43.39)
Roofing	354,288	178,200	176,088	42.17
Infrastruct	61,200	-	61,200	14.66
Emergency	55,000	55,000	-	-
Total	503,876	458,768	45,108	10.80

**Notes:**

1) The Appliance fund is used to fund the replacement of appliances and fixtures. The value of this fund is calculated annually and is the sum of the estimated current replacement costs times the average replacements for the past five years less an adjustment based on the estimated expenditures for the budget year. Current installed replacement cost for this calculation is \$55,003, with no adjustment for 2021. For 2021, funding requirement has determined to be \$33,388.

2) The board approved the transfer of excess funds of \$65,560 to the roofing reserves and to not fund the painting reserves for 2021, as it is currently at 100% funded.

3) The board determined funding of \$354,288 for 2021.

4) The board determined funding of \$61,200 for 2021.

5) The purpose of the Emergency Fund is to cover unplanned operating and emergency expenses as needed. The board determined funding of \$55,000 for 2021.

Seal Beach Mutual Eight  
Appliance Replacement History

Item																Unit	Installed Cost	
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Total	5 yr Avg.	Unit	Extended
Cooktops	3	4	9	7	4	2	4	3	2	8	5	3	12	5	71	5	\$ 514	\$ 2,571
Ovens	4	6	9	7	8	7	14	7	5	8	3	2	11	2	93	7	1,135	7,944
Refrigerators	16	19	10	14	13	19	13	6	15	19	12	20	18	13	207	14	1,102	15,430
Hot Water Heaters	12	12	6	4	7	13	8	11	21	16	14	13	14	3	154	8	766	6,130
Garbage Disposals	10	7	10	12	16	7	17	9	6	12	7	12	11	9	145	11	229	2,521
Sinks - Bath	3	1	3	3	14	13	3	3	2	7	3	5	8	3	71	5	150	751
Sinks - Kitchen	2	3	1	3	11	6	9	5	0	6	5	9	15	2	77	4	650	2,600
Counters - Bath	0	0	1	2	2	3	4	2	0	3	1	6	4	2	30	1	600	600
Counters - Kitchen	2	3	1	3	5	3	11	2	1	4	6	6	15	2	64	3	1,420	4,261
Bath Heaters and Fan	20	5	6	5	5	14	11	8	8	6	5	10	10	4	117	8	514	4,109
Toilets	18	10	9	10	17	10	10	5	3	9	3	14	12	5	135	13	269	3,503
Faucet - Bath	15	5	4	6	14	12	4	2	4	9	1	10	7	2	95	9	139	1,252
Faucet - Kitchen	19	17	11	15	29	17	15	8	8	15	4	19	18	10	205	18	185	3,331
Hot Water Tanks - Laund	1	0	0	0	0	0	1	0	0	0	0	0	1	1	4	0	807	0
Washers	0	5	5	3	1	2	3	2	3	7	3	2	2	2	40	3	933	2,799
Dryers	0	2	5	1	1	2	3	3	3	5	6	2	1	2	36	2	717	1,435
Estimated replacement cost based on average replacement history - 2015 to 2019 x current pricing																		\$ 59,237

Adjustment based on projected annual replacements in 2021 (4,234)  
 Combined current and contingent appliance replacements **\$ 55,003**

Appliances can be billed on bill codes other than replacement. As such, total replacement expenditures to the right may be less than the total value of replacement items listed above.

Actual expenditures:	
2019	42,707
2018	39,003
2017	38,344
2016	32,468
2015	35,428
2014	42,476
2013	42,749
2012	31,963
5 yr average	<u>\$ 37,590</u>

SEAL BEACH MUTUAL EIGHT  
FLOW OF RESERVE FUNDS

Year	Beginning Fund	Annual Funding*	Interest** 0.00%	Loans or Assessments	Expenses	Ending Fund
2020						1,962,714
2021	1,962,714	415,488	0		643,500	1,734,702
2022	1,734,702	448,727	0		754,990	1,428,439
2023	1,428,439	484,625	0		728,414	1,184,651
2024	1,184,651	523,395	0		666,235	1,041,811
2025	1,041,811	565,267	0		327,129	1,279,949
2026	1,279,949	610,488	0		1,089,428	801,009
2027	801,009	622,698	0		315,826	1,107,881
2028	1,107,881	635,152	0		782,200	960,833
2029	960,833	647,855	0		1,075,108	533,580
2030	533,580	660,812	0		566,597	627,795
2031	627,795	674,028	0		123,775	1,178,048
2032	1,178,048	687,509	0		213,172	1,652,385
2033	1,652,385	701,259	0		91,962	2,261,682
2034	2,261,682	715,284	0		601,658	2,375,308
2035	2,375,308	729,590	0		137,116	2,967,782
2036	2,967,782	744,182	0		239,927	3,472,037
2037	3,472,037	759,065	0		103,504	4,127,598
2038	4,127,598	774,247	0		309,496	4,592,349
2039	4,592,349	789,732	0		746,006	4,636,074
2040	4,636,074	805,526	0		270,040	5,171,560
2041	5,171,560	821,637	0		134,284	5,858,913
2042	5,858,913	838,069	0		307,692	6,389,290
2043	6,389,290	854,831	0		123,588	7,120,533
2044	7,120,533	871,927	0		808,579	7,183,882
2045	7,183,882	889,366	0		184,273	7,888,975
2046	7,888,975	907,153	0		336,575	8,459,553
2047	8,459,553	925,296	0		139,100	9,245,749
2048	9,245,749	943,802	0		342,078	9,847,474
2049	9,847,474	962,678	0		957,956	9,852,196
2050	9,852,196	981,932	0		3,070,606	7,763,522
Totals		21,991,622	0	0	16,190,814	

\* Annual funding increases by 8% each year through 2026; then increases 2% thereafter.

\*\* Interest earned on the fund is currently not reinvested in the fund.