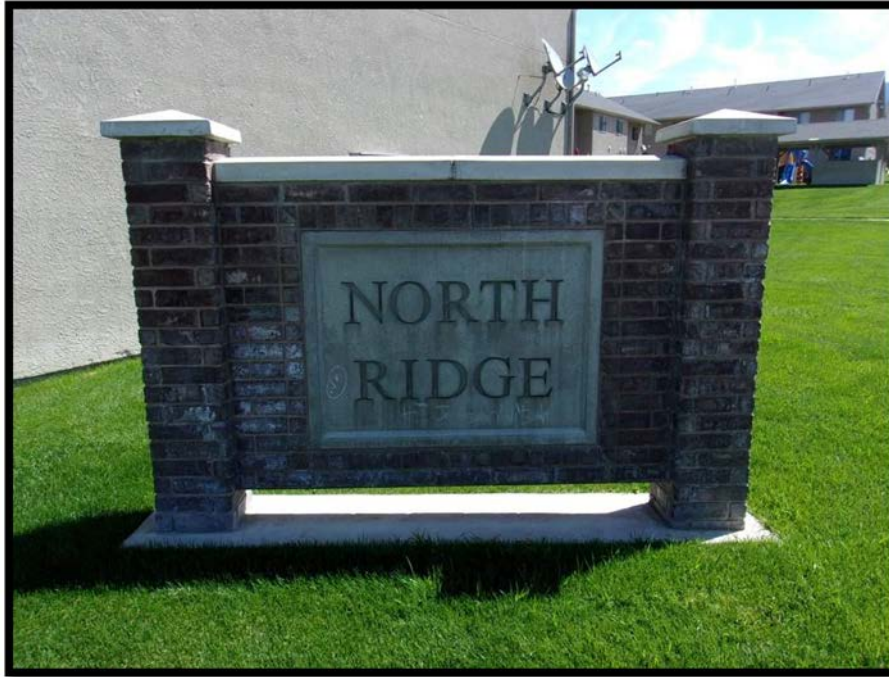


Northridge Townhomes

Level 1 Reserve Study



Report Period – 04/01/2022 – 3/31/2023

Client Reference Number	18019
Property Type	Townhouse
Number of Units	48
Fiscal Year End	03/31

Type of Study	Full Study
Date of Property Inspection	6/1/2021
Prepared By	Dale Gifford
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on – Friday, June 25, 2021



TEL: (888) 356-3783 | Fax: (866) 279-9662
WWW.COMPLEXSOLUTIONSLTD.COM

Table of Contents

Introduction

- Executive Summary page 1
- Introduction page 2
- General Information and Frequently Asked Questions page 3 - 4

Reserve Analysis

- Funding Summary page 5
- Percent Funded – Graph page 6
- Component Inventory page 7
- Significant Components page 8
- Significant Components – Graph page 9
- Yearly Summary page 10
- Yearly Reserve Contributions – Graph page 11
- Component Funding Information page 12
- Yearly Cash Flow page 13
- Yearly Reserve Expenditures – Graph page 14
- Projected Reserve Expenditures by Year page 15 - 16

Component Evaluation

- Component Evaluation page 1 - 16

Glossary of Commonly used Words and Phrases

Executive Summary – Northridge Townhomes - ID # 18019

Information to complete this Reserve Study was gathered by performing an on-site inspection of the common area elements. In addition, we also obtained information by contacting any vendors and/or contractors that have worked on the property recently, as well as communicating with the property representative (BOD Member and/or Community Manager). To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate insofar as the information obtained from these sources.

Projected Starting Balance as of 04/01/2022	\$99,866.93
Ideal Reserve Balance as of 04/01/2022	\$336,112
Percent Funded as of 04/01/2022	30%
Recommended Reserve Contribution (per month)	\$3,560
Recommended Special Assessment	\$0

Northridge Townhomes is a 48-unit Townhome community. The community offers two pavilions, playground area, and landscaped areas as amenities. Construction on the community was completed in 2010.

Currently Programmed Projects

Projects programmed to occur this fiscal year (FY2022-23) include front doors repaint (Comp# 204), asphalt seal coat (Comp# 402), and play area groundcover refill (Comp# 1303). We have programmed an estimated \$16,000 in reserve expenditures toward the completion of these projects. (See page 15)

Significant Reserve Projects

The association's significant reserve projects are roofs replace (Comp# 105), stucco surfaces repair/repaint (Comp# 201), asphalt major rehab (Comp# 401), and asphalt seal coat (Comp# 402). The fiscal significance of these components is approximately 39%, 25%, 7%, and 5% respectively (see page 9). A component's significance is calculated by dividing its replacement cost by its useful life. In this way, not only is a component's replacement cost considered but also the frequency of occurrence. These components most significantly contribute to the total monthly reserve contribution. As these components have a high level of fiscal significance the association should properly maintain them to ensure they reach their full useful lives.

Reserve Funding

In comparing the projected starting reserve balance of \$99,866.93 versus the ideal reserve balance of \$336,112 we find the association's reserve fund to be approximately 30% funded. This indicates a weak reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of \$3,560 (\$74.17/unit) per month. If the contribution falls below this rate, then the reserve fund may fall into a situation where special assessments, deferred maintenance, and lower property values are likely at some point in the future.

Introduction

Reserve Study Purpose

The purpose of this Reserve Study is to provide the Association with a budgeting tool to help ensure that there are adequate reserve funds available to perform future reserve projects. The detailed schedules will serve as an advance warning that major projects will need to be addressed in the future. This will allow the Association to have ample time to obtain competitive bids for each project. It will also help to ensure the physical well-being of the property and ultimately enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to special assessments.

Preparer's Credentials

Mr. Gifford has been working in the community association industry for the last 16 years. Prior to taking a position, as the Regional Project Manager covering the Utah region, at Complex Solutions, he worked in community association management in Utah. While in community association management his positions included, Maintenance Supervisor, Senior Portfolio Manager and Vice President of Community Management. His work in community association management gave him extensive experience with; budget creation, reserves and reserve budgeting, community inspections and analyzing common area components.

- Professional Reserve Analyst (PRA) designation from Association of Professional Reserve Analysts (APRA), PRA #2320
- Reserve Specialist (RS) designation from Community Associations Institute (CAI), RS# 231
- Personally has prepared over 1,400 reserve studies in Salt Lake City Utah and surrounding areas
- Bachelor of Science in Chemistry from Emporia State University
- Certified Manager of Community Associations® (CMCA®) designation from the National Board of Certification for Community Association Managers (NBC-CAM)
- Association Management Specialist® (AMS®) designation from Community Associations Institute (CAI)
- Professional Community Association Manager® (PCAM®) designation from Community Associations Institute (CAI), PCAM# 1740,
- Active member and former Board member and chapter President of the Utah Chapter of Community Associations Institute (UCCAI)
- Recipient of Community Associations Institute's (CAI) annual award of Excellence in Chapter Leadership for service an achievement in 2010

Budget Breakdown

Every association conducts their business within a budget. There are typically two main parts to this budget, the Operating budget and the Reserve budget. The operating budget includes all expenses that occur on an annual basis as well as general maintenance and repairs. Typical operating budget line items include management fees, maintenance expenses, utilities, etc. The reserve budget is primarily made up of replacement items such as roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

Report Sections

Reserve Analysis: this section contains the evaluation of the association's reserve balance, income, and expenses. It includes a finding of the client's current reserve fund status (measured as percent funded) and a recommendation for an appropriate reserve allocation rate (also known as the funding plan).

Component Evaluation: this section contains information regarding the physical status and replacement cost of reserve components the association is responsible to maintain. It is important to understand that while the component inventory will remain relatively "stable" from year to year, the condition assessment and life estimates will most likely vary from year to year.

General Information and Frequently Asked Questions

Is it the law to have a Reserve Study conducted?

The Government requires a reserve study in approximately 20 states. Also, the Association's governing documents may require a reserve fund be established. This does not mean a Reserve Study is required, but how are you going to know if you have enough money in the reserve fund if you do not have the proper information?

Why is it important to perform a Reserve Study?

This report provides the essential information that is needed to guide the Association in establishing the reserve portion of the total monthly assessment. The reserve fund is critical to the future of the association because it helps ensure that reserve projects can be completed on time. When projects are completed on time, deferred maintenance and the lower property values that typically accompany it can be avoided. It is suggested that a third party professionally prepare the Reserve Analysis Study since there is no vested interest in the property.

After we have a Reserve Study, what do we do with it?

Please take the time to review the report carefully and make sure the component information is complete and accurate. If there are any inaccuracies, or changes such as a component that the association feels should be added, removed, or altered, please inform us immediately so we may revise the report. Use the report to help establish your budget for the upcoming fiscal year.

How often do we review and update our Reserve Study?

There is a misconception that a Reserve Study is good for an extended period of time since the report has projections for a thirty year period. The assumptions, interest rates, inflation rates and other information used to create this report change each year. Scheduled events may not happen, unpredictable circumstances could occur, deterioration rates can be unpredictable and repair/replacement costs will vary from causes that are unforeseen. These variations alter the results of the Reserve Study. The Reserve Study should be professionally reviewed each year by having a Level III "no site visit" update reserve study performed. The Reserve Study should be professionally updated every three years by having a Level II "site visit" update reserve study performed.

What is a "Reserve Component" versus an "Operating Component"?

A "Reserve" component is an item that is the responsibility of the association to maintain, has a limited useful life, predictable remaining useful life, typically occurs on a cyclical basis that exceeds one year, and costs above a minimum threshold amount. An "Operating" component is typically a fixed expense that occurs on an annual basis.

What are the GREY areas of "maintenance" items that are often seen in a Reserve Study?

One of the most popular questions revolves around major "maintenance" items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a "capital" item, it cannot be considered a reserve component. However, it is the opinion of several major Reserve Study providers, including Complex Solutions, that these components meet the criteria of a reserve component.

Information and Data Gathered:

The information contained in this report is based on estimates and assumptions gathered from various sources. Estimated life expectancies are based upon conditions that were readily visible and accessible at the time of the site visit. While every effort has been made to ensure accurate results, this report reflects the judgment of Complex Solutions, Ltd. and should not be construed as a guarantee or assurance of predicting future events.

What happens during the Site Visit?

During the site visit we identify the common area components that we have determined require reserve funding. These components are quantified and a physical condition is observed. The site visit is conducted on the common areas as reported by client.

What is the Financial Analysis?

We project the starting balance by taking the most recent reserve fund balance as stated by the client and add expected reserve contributions to the end of the fiscal year. We then subtract the expenses of any pending projects. We compare this number to the Fully Funded Balance and arrive at the Percent Funded level. Based on that level of funding we then recommend a Funding Plan to help ensure the adequacy of funding in the future.

Measures of reserve fund financial strength are as follows:

- 0% - 30% Funded** is considered a “weak” financial position. Associations that fall into this category are more likely to have special assessments and deferred maintenance. Action should be taken to improve the financial strength of the reserve fund.
- 31% - 69% Funded** is considered a “fair” financial position. Associations that fall into this category are less likely to experience special assessments and deferred maintenance than being in a weak financial position. Action should be taken to improve the financial strength of the reserve fund.
- 70% - 99% Funded** is considered a “strong” financial position. Associations that fall into this category are less likely to experience special assessments and deferred maintenance than being in a fair financial position. Action should be taken to improve the financial strength of the reserve fund.
- 100% Funded** is considered an “ideal” financial position. Action should be taken to maintain the financial strength of the reserve fund.

Disclosures:

Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

The results of this study are based on the independent opinion of the preparer and his experience and research during the course of his career in preparing Reserve Studies. In addition the opinions of experts on certain components have been gathered through research within their industry and with client’s actual vendors. There is no implied warranty or guarantee regarding our life and cost estimates/predictions. There is no implied warranty or guarantee in any of our work product. Our results and findings will vary from another preparer’s results and findings. A Reserve Study is necessarily a work in progress and subsequent Reserve Studies will vary from prior studies.

The projected life expectancy of the reserve components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each component. Failure to perform such maintenance can negatively impact the remaining useful life of the component and dramatically increase the funding needs of the reserves of the association.

This Reserve Study assumes that all construction assemblies and components identified herein are built properly and are free from defects in materials and/or workmanship. Defects can lead to reduced useful life and premature failure. It was not the intent of this Reserve Study to inspect for or to identify defects. If defects exist, repairs should be made so that the construction components and assemblies at the community reach the full and expected useful lives.

Site Visits: Should a site visit have been performed during the preparation of this reserve study no invasive testing was performed. The physical analysis performed during the site visit was not intended to be exhaustive in nature and may have included representative sampling. Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the site visit. We have assumed any and all components have been properly built and will reach normal, typical life expectancies. A reserve study is not intended to identify or fund for construction defects. We did not and will not look for or identify construction defects during our site visit. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), have been excluded from this report.

Update Reserve Studies:

Level II Studies: Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies.

Level III Studies: In addition to the above we have not visited the property when completing a Level III “No Site Visit” study. Therefore we have not verified the current condition of the components.

Insurance: We carry general and professional liability insurance as well as workers’ compensation insurance.

Actual or Perceived Conflicts of Interest: There are no potential actual or perceived conflicts of interest that we are aware of.

Inflation and Interest Rates: The after tax interest rate used in the financial analysis may or may not be based on the clients reported after tax interest rate. If it is, we have not verified or audited the reported rate. The inflation rate may also be based on an amount we believe appropriate given the 30-year horizon of this study and may or may not reflect current or historical inflation rates.

Funding Summary

Beginning Assumptions

# of units	48
Fiscal Year End	31-Mar
Budgeted Monthly Reserve Allocation	\$0
Projected Starting Reserve Balance	\$99,867
Ideal Starting Reserve Balance	\$336,112

Economic Assumptions

Projected Inflation Rate	3.00%
Reported After-Tax Interest Rate	0.10%

Current Reserve Status

Current Balance as a % of Ideal Balance	30%
-----------------------------------------	-----

Recommendations

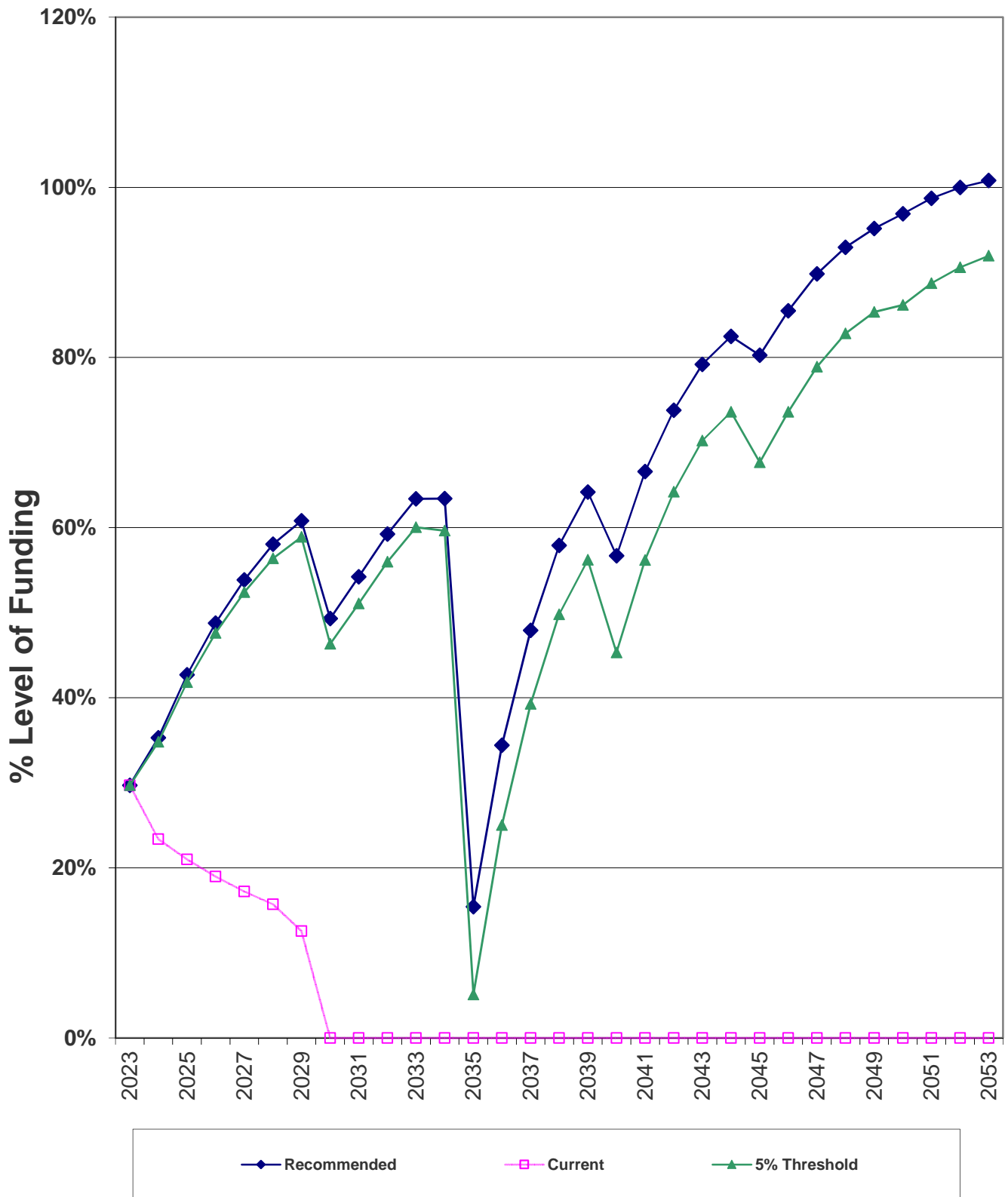
Recommended Monthly Reserve Allocation	\$3,560
Per Unit	\$74.17
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%
5% Threshold Monthly Reserve Allocation Reference	\$3,420
Per Unit	\$71.25
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%

Changes From Prior Year

Recommended Increase to Reserve Allocation as Percentage	\$3,560 0%
-------------------------------------------------------------	---------------



Percent Funded - Graph



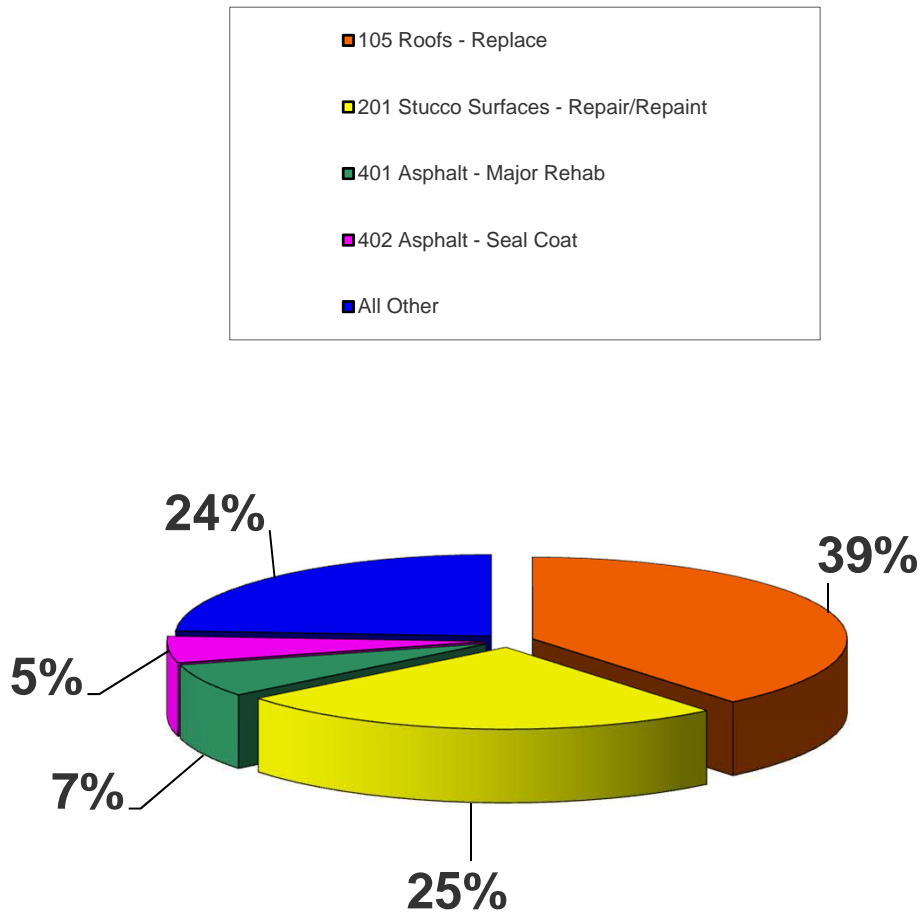
Component Inventory

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Roofing	105	Roofs - Replace	25	11	\$245,000	\$314,000
	120	Rain Gutters/Downspouts - Replace	30	16	\$36,000	\$42,000
Painted Surfaces	201	Stucco Surfaces - Repair/Repaint	15	6	\$100,000	\$116,000
	204	Front Doors - Repaint	10	0	\$5,000	\$6,000
Drive Materials	401	Asphalt - Major Rehab	30	16	\$48,000	\$64,000
	402	Asphalt - Seal Coat	5	0	\$7,000	\$8,000
	403	Concrete - Partial Repair/Replace	10	6	\$4,000	\$6,000
Prop. Identification	801	Monument Sign - Refurbish	20	6	\$1,000	\$1,500
	803	Mailboxes - Replace	20	6	\$8,000	\$9,000
Fencing	1008	Vinyl Fencing - Replace	N/A		\$0	\$0
Recreation Equip.	1301	Play Structure - Replace	25	10	\$25,000	\$35,000
	1303	Play Area Groundcover - Refill	5	0	\$2,500	\$3,500
	1306	Picnic Tables - Replace	15	7	\$7,000	\$10,000
Light Fixtures	1602	Exterior Light Fixtures - Replace	20	6	\$12,000	\$15,000
	1609	Street Light Fixtures - Replace	20	6	\$1,500	\$2,500
Landscaping	1812	Landscaping & Irrigation System - Renov	20	6	\$15,000	\$20,000

Significant Components

ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Roofs - Replace	25	11	\$279,500	\$11,180	39.0898%
120	Rain Gutters/Downspouts - Replace	30	16	\$39,000	\$1,300	4.5453%
201	Stucco Surfaces - Repair/Repaint	15	6	\$108,000	\$7,200	25.1741%
204	Front Doors - Repaint	10	0	\$5,500	\$550	1.9230%
401	Asphalt - Major Rehab	30	16	\$56,000	\$1,867	6.5266%
402	Asphalt - Seal Coat	5	0	\$7,500	\$1,500	5.2446%
403	Concrete - Partial Repair/Replace	10	6	\$5,000	\$500	1.7482%
801	Monument Sign - Refurbish	20	6	\$1,250	\$63	0.2185%
803	Mailboxes - Replace	20	6	\$8,500	\$425	1.4860%
1301	Play Structure - Replace	25	10	\$30,000	\$1,200	4.1957%
1303	Play Area Groundcover - Refill	5	0	\$3,000	\$600	2.0978%
1306	Picnic Tables - Replace	15	7	\$8,500	\$567	1.9813%
1602	Exterior Light Fixtures - Replace	20	6	\$13,500	\$675	2.3601%
1609	Street Light Fixtures - Replace	20	6	\$2,000	\$100	0.3496%
1812	Landscaping & Irrigation System - Rend	20	6	\$17,500	\$875	3.0594%

Significant Components - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Roofs - Replace	25	11	\$279,500	\$11,180	39%
201	Stucco Surfaces - Repair/Repaint	15	6	\$108,000	\$7,200	25%
401	Asphalt - Major Rehab	30	16	\$56,000	\$1,867	7%
402	Asphalt - Seal Coat	5	0	\$7,500	\$1,500	5%
All Other	See Expanded Table For Breakdown				\$6,854	24%

Yearly Summary

Year	Fully Funded Balance	Starting Reserve Balance	% Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2023	\$336,112	\$99,867	30%	\$42,720	\$113	\$16,000	\$126,700
2024	\$359,174	\$126,700	35%	\$44,002	\$149	\$0	\$170,851
2025	\$400,292	\$170,851	43%	\$45,322	\$194	\$0	\$216,366
2026	\$443,553	\$216,366	49%	\$46,681	\$240	\$0	\$263,287
2027	\$489,050	\$263,287	54%	\$48,082	\$287	\$0	\$311,656
2028	\$536,878	\$311,656	58%	\$49,524	\$330	\$12,172	\$349,338
2029	\$574,598	\$349,338	61%	\$51,010	\$282	\$185,974	\$214,657
2030	\$435,458	\$214,657	49%	\$52,540	\$236	\$10,454	\$256,979
2031	\$473,985	\$256,979	54%	\$54,116	\$284	\$0	\$311,379
2032	\$525,522	\$311,379	59%	\$55,740	\$339	\$0	\$367,459
2033	\$579,725	\$367,459	63%	\$57,412	\$365	\$61,820	\$363,416
2034	\$573,032	\$363,416	63%	\$59,134	\$200	\$386,893	\$35,857
2035	\$232,501	\$35,857	15%	\$60,909	\$66	\$0	\$96,832
2036	\$281,478	\$96,832	34%	\$62,736	\$128	\$0	\$159,696
2037	\$333,183	\$159,696	48%	\$64,618	\$192	\$0	\$224,506
2038	\$387,738	\$224,506	58%	\$66,556	\$250	\$16,359	\$274,953
2039	\$428,417	\$274,953	64%	\$68,553	\$229	\$160,471	\$183,265
2040	\$323,257	\$183,265	57%	\$70,610	\$219	\$0	\$254,093
2041	\$381,646	\$254,093	67%	\$72,728	\$291	\$0	\$327,111
2042	\$443,247	\$327,111	74%	\$74,910	\$365	\$0	\$402,386
2043	\$508,201	\$402,386	79%	\$77,157	\$427	\$28,898	\$451,072
2044	\$546,888	\$451,072	82%	\$79,472	\$391	\$200,912	\$330,022
2045	\$411,157	\$330,022	80%	\$81,856	\$363	\$16,287	\$395,954
2046	\$463,163	\$395,954	85%	\$84,312	\$438	\$0	\$480,704
2047	\$535,197	\$480,704	90%	\$86,841	\$524	\$0	\$568,070
2048	\$611,137	\$568,070	93%	\$89,446	\$602	\$21,985	\$636,133
2049	\$668,507	\$636,133	95%	\$92,130	\$631	\$102,977	\$625,917
2050	\$646,027	\$625,917	97%	\$94,893	\$674	\$0	\$721,484
2051	\$730,844	\$721,484	99%	\$97,740	\$771	\$0	\$819,995
2052	\$820,169	\$819,995	100%	\$100,672	\$871	\$0	\$921,538



Reserve Contributions - Graph

Monthly Reserve Contributions



Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
105	Roofs - Replace	25	11	Approx 69,795 Sq.ft.	\$279,500	\$156,520	\$0	\$1,391.60
120	Rain Gutters/Downspouts - Replace	30	16	Approx 5,505 Linear ft.	\$39,000	\$18,200	\$0	\$161.81
201	Stucco Surfaces - Repair/Repaint	15	6	Approx 66,270 Sq.ft.	\$108,000	\$64,800	\$64,800	\$896.20
204	Front Doors - Repaint	10	0	(48) Doors	\$5,500	\$5,500	\$5,500	\$68.46
401	Asphalt - Major Rehab	30	16	Approx 32,000 Sq.ft.	\$56,000	\$26,133	\$0	\$232.35
402	Asphalt - Seal Coat	5	0	Approx 32,000 Sq.ft.	\$7,500	\$7,500	\$7,500	\$186.71
403	Concrete - Partial Repair/Replace	10	6	Moderate Sq.ft.	\$5,000	\$2,000	\$2,000	\$62.24
801	Monument Sign - Refurbish	20	6	(1) Sign	\$1,250	\$875	\$875	\$7.78
803	Mailboxes - Replace	20	6	(4) Clusters	\$8,500	\$5,950	\$5,950	\$52.90
1301	Play Structure - Replace	25	10	(1) Structure	\$30,000	\$18,000	\$0	\$149.37
1303	Play Area Groundcover - Refill	5	0	Approx 2,150 Sq.ft.	\$3,000	\$3,000	\$3,000	\$74.68
1306	Picnic Tables - Replace	15	7	(8) Tables	\$8,500	\$4,533	\$0	\$70.53
1602	Exterior Light Fixtures - Replace	20	6	(96) Fixtures	\$13,500	\$9,450	\$9,450	\$84.02
1609	Street Light Fixtures - Replace	20	6	(2) Fixtures	\$2,000	\$1,400	\$792	\$12.45
1812	Landscaping & Irrigation System - Renovate	20	6	Approx Sq.ft.	\$17,500	\$12,250	\$0	\$108.91
					\$584,750	\$336,112	\$99,867	\$3,560

Current Fund Balance as a percentage of Ideal Balance: 30%



Yearly Cash Flow

Year	2023	2024	2025	2026	2027
Starting Balance	\$99,867	\$126,700	\$170,851	\$216,366	\$263,287
<i>Reserve Income</i>	\$42,720	\$44,002	\$45,322	\$46,681	\$48,082
<i>Interest Earnings</i>	\$113	\$149	\$194	\$240	\$287
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$142,700	\$170,851	\$216,366	\$263,287	\$311,656
Reserve Expenditures	\$16,000	\$0	\$0	\$0	\$0
Ending Balance	\$126,700	\$170,851	\$216,366	\$263,287	\$311,656

Year	2028	2029	2030	2031	2032
Starting Balance	\$311,656	\$349,338	\$214,657	\$256,979	\$311,379
<i>Reserve Income</i>	\$49,524	\$51,010	\$52,540	\$54,116	\$55,740
<i>Interest Earnings</i>	\$330	\$282	\$236	\$284	\$339
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$361,511	\$400,630	\$267,433	\$311,379	\$367,459
Reserve Expenditures	\$12,172	\$185,974	\$10,454	\$0	\$0
Ending Balance	\$349,338	\$214,657	\$256,979	\$311,379	\$367,459

Year	2033	2034	2035	2036	2037
Starting Balance	\$367,459	\$363,416	\$35,857	\$96,832	\$159,696
<i>Reserve Income</i>	\$57,412	\$59,134	\$60,909	\$62,736	\$64,618
<i>Interest Earnings</i>	\$365	\$200	\$66	\$128	\$192
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$425,236	\$422,750	\$96,832	\$159,696	\$224,506
Reserve Expenditures	\$61,820	\$386,893	\$0	\$0	\$0
Ending Balance	\$363,416	\$35,857	\$96,832	\$159,696	\$224,506

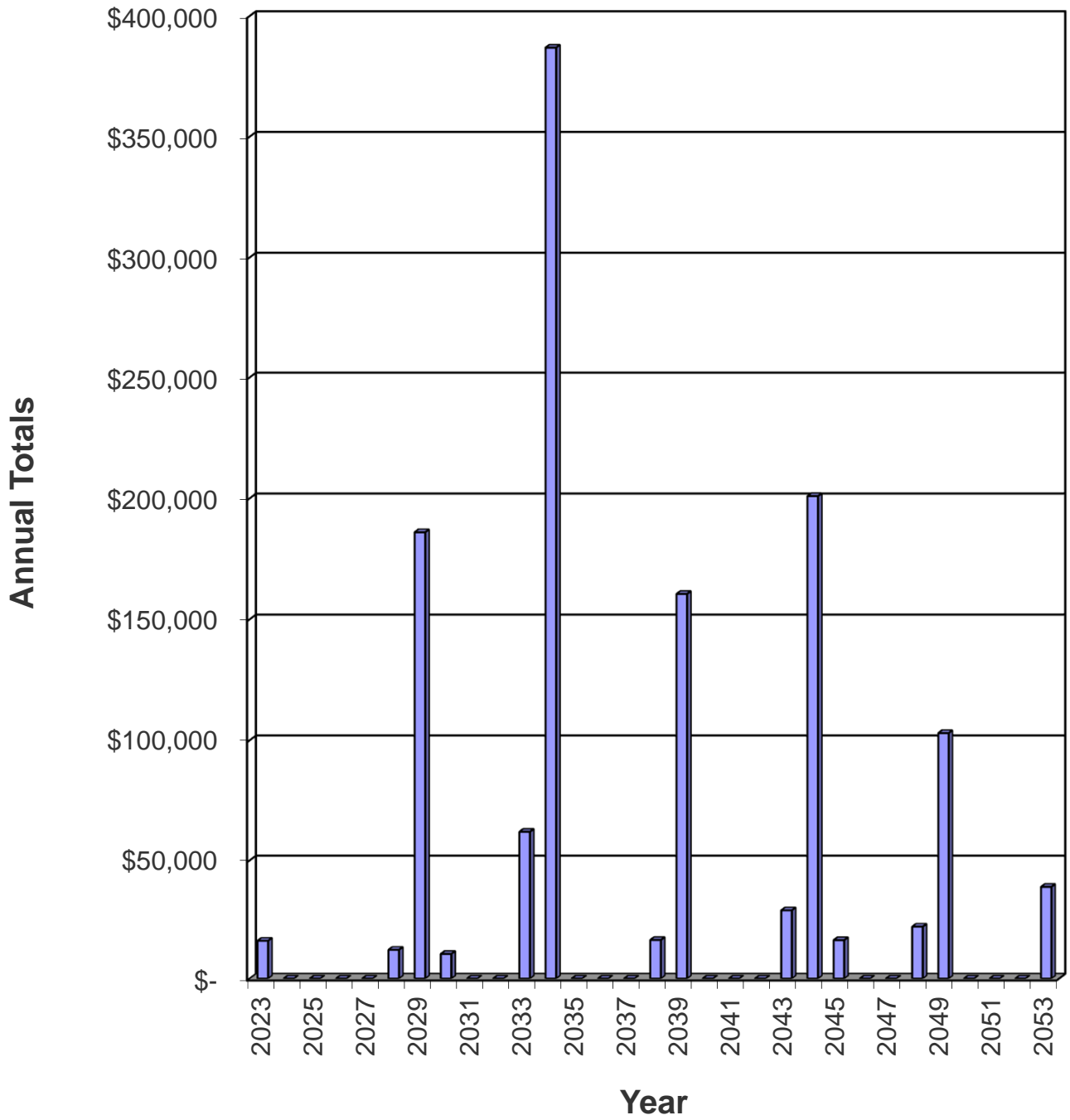
Year	2038	2039	2040	2041	2042
Starting Balance	\$224,506	\$274,953	\$183,265	\$254,093	\$327,111
<i>Reserve Income</i>	\$66,556	\$68,553	\$70,610	\$72,728	\$74,910
<i>Interest Earnings</i>	\$250	\$229	\$219	\$291	\$365
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$291,312	\$343,735	\$254,093	\$327,111	\$402,386
Reserve Expenditures	\$16,359	\$160,471	\$0	\$0	\$0
Ending Balance	\$274,953	\$183,265	\$254,093	\$327,111	\$402,386

Year	2043	2044	2045	2046	2047
Starting Balance	\$402,386	\$451,072	\$330,022	\$395,954	\$480,704
<i>Reserve Income</i>	\$77,157	\$79,472	\$81,856	\$84,312	\$86,841
<i>Interest Earnings</i>	\$427	\$391	\$363	\$438	\$524
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$479,970	\$530,934	\$412,241	\$480,704	\$568,070
Reserve Expenditures	\$28,898	\$200,912	\$16,287	\$0	\$0
Ending Balance	\$451,072	\$330,022	\$395,954	\$480,704	\$568,070

Year	2048	2049	2050	2051	2052
Starting Balance	\$568,070	\$636,133	\$625,917	\$721,484	\$819,995
<i>Reserve Income</i>	\$89,446	\$92,130	\$94,893	\$97,740	\$100,672
<i>Interest Earnings</i>	\$602	\$631	\$674	\$771	\$871
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$658,118	\$728,894	\$721,484	\$819,995	\$921,538
Reserve Expenditures	\$21,985	\$102,977	\$0	\$0	\$0
Ending Balance	\$636,133	\$625,917	\$721,484	\$819,995	\$921,538



Yearly Reserve Expenditures - Graph



Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2023	204	Front Doors - Repaint	\$5,500	\$16,000
	402	Asphalt - Seal Coat	\$7,500	
	1303	Play Area Groundcover - Refill	\$3,000	
2024		No Expenditures Projected		\$0
2025		No Expenditures Projected		\$0
2026		No Expenditures Projected		\$0
2027		No Expenditures Projected		\$0
2028	402	Asphalt - Seal Coat	\$8,695	\$12,172
	1303	Play Area Groundcover - Refill	\$3,478	
2029	201	Stucco Surfaces - Repair/Repaint	\$128,958	\$185,974
	403	Concrete - Partial Repair/Replace	\$5,970	
	801	Monument Sign - Refurbish	\$1,493	
	803	Mailboxes - Replace	\$10,149	
	1602	Exterior Light Fixtures - Replace	\$16,120	
	1609	Street Light Fixtures - Replace	\$2,388	
	1812	Landscaping & Irrigation System - Renovate	\$20,896	
2030	1306	Picnic Tables - Replace	\$10,454	\$10,454
2031		No Expenditures Projected		\$0
2032		No Expenditures Projected		\$0
2033	204	Front Doors - Repaint	\$7,392	\$61,820
	402	Asphalt - Seal Coat	\$10,079	
	1301	Play Structure - Replace	\$40,317	
	1303	Play Area Groundcover - Refill	\$4,032	
2034	105	Roofs - Replace	\$386,893	\$386,893
2035		No Expenditures Projected		\$0
2036		No Expenditures Projected		\$0
2037		No Expenditures Projected		\$0
2038	402	Asphalt - Seal Coat	\$11,685	\$16,359
	1303	Play Area Groundcover - Refill	\$4,674	
2039	120	Rain Gutters/Downspouts - Replace	\$62,584	\$160,471
	401	Asphalt - Major Rehab	\$89,864	
	403	Concrete - Partial Repair/Replace	\$8,024	
2040		No Expenditures Projected		\$0
2041		No Expenditures Projected		\$0
2042		No Expenditures Projected		\$0
2043	204	Front Doors - Repaint	\$9,934	\$28,898
	402	Asphalt - Seal Coat	\$13,546	
	1303	Play Area Groundcover - Refill	\$5,418	
2044	201	Stucco Surfaces - Repair/Repaint	\$200,912	\$200,912
2045	1306	Picnic Tables - Replace	\$16,287	\$16,287
2046		No Expenditures Projected		\$0
2047		No Expenditures Projected		\$0
2048	402	Asphalt - Seal Coat	\$15,703	\$21,985
	1303	Play Area Groundcover - Refill	\$6,281	

Year	Comp ID	Component Name	Projected Cost	Total Per Annum
2049	403	Concrete - Partial Repair/Replace	\$10,783	
	801	Monument Sign - Refurbish	\$2,696	
	803	Mailboxes - Replace	\$18,331	
	1602	Exterior Light Fixtures - Replace	\$29,114	
	1609	Street Light Fixtures - Replace	\$4,313	
	1812	Landscaping & Irrigation System - Renovate	\$37,740	\$102,977
2050		No Expenditures Projected		\$0
2051		No Expenditures Projected		\$0
2052		No Expenditures Projected		\$0

Component Evaluation

Comp #: 105 Roofs - Replace



Location: **Building Roofs**

Quantity: **Approx 69,795 Sq.ft.**

Life Expectancy: **25** *Remaining Life:* **11**

Best Cost: **\$245,000**

Estimate to replace

Worst Cost: **\$314,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The roofs are in good to fair condition. We recommend funding to replace this component approximately every 20 - 25 years. Remaining life based on current age.

General Notes:

Comp #: 120 Rain Gutters/Downspouts - Replace



Location: **Building Exteriors**

Quantity: **Approx 5,505 Linear ft.**

Life Expectancy: **30** Remaining Life: **16**

Best Cost: **\$36,000**

Estimate to replace

Worst Cost: **\$42,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The rain gutters and downspouts are in good condition. We recommend funding to replace this component approximately every 25 - 30 years. Remaining life based on current age.

General Notes:

Comp #: 201 Stucco Surfaces - Repair/Repaint



Location: **Building Exteriors**

Quantity: **Approx 66,270 Sq.ft**

Life Expectancy: **15** Remaining Life: **6**

Best Cost: **\$100,000**

Estimate to repair/repaint

Worst Cost: **\$116,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The stucco surfaces are generally in good to fair condition. We recommend funding to repair/repaint this component approximately every 12 - 15 years. Remaining life based on current age and condition.

General Notes:

Comp #: 204 Front Doors - Repaint



Location: **Unit Entrances**

Quantity: **(48) Doors**

Life Expectancy: **10** Remaining Life: **0**

Best Cost: **\$5,000**

Estimate to repaint

Worst Cost: **\$6,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The painted door surfaces are in fair to poor condition. We recommend funding to repaint this component approximately every 8 - 10 years. Remaining life based on current age.

General Notes:

Comp #: 401 Asphalt - Major Rehab



Location: **Community Streets**

Quantity: **Approx 32,000 Sq.ft**

Life Expectancy: **30** Remaining Life: **16**

Best Cost: **\$48,000**

Estimate for major rehab

Worst Cost: **\$64,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The asphalt surfaces are in good condition. We recommend funding for a major rehab of this component approximately every 25 - 30 years. Remaining life based on current age.

General Notes:

Comp #: 402 Asphalt - Seal Coat



Location: **Community Streets**

Quantity: **Approx 32,000 Sq.ft**

Life Expectancy: **5** *Remaining Life:* **0**

Best Cost: **\$7,000**

Estimate for seal coat

Worst Cost: **\$8,000**

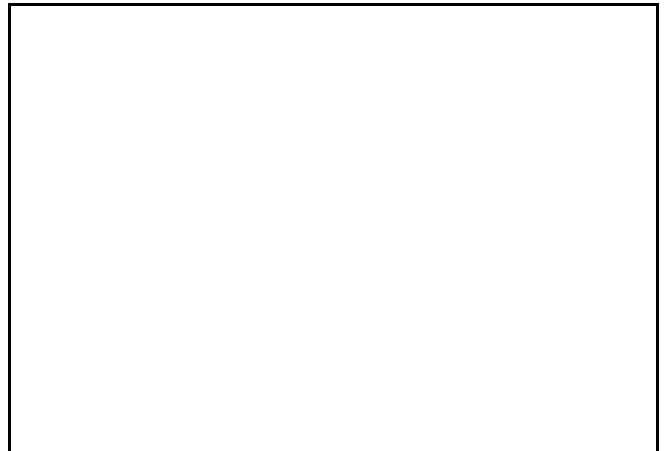
Higher estimate

Source of Information: CSL Cost Database

Observations:

The asphalt seal coat is in poor condition. We recommend funding to seal this component approximately every 3 - 5 years. Remaining life based on current condition.

General Notes:



Comp #: 403 Concrete - Partial Repair/Replace



Location: **Common Area**

Quantity: **Moderate Sq.ft.**

Life Expectancy: **10** Remaining Life: **6**

Best Cost: **\$4,000**

Allowance to repair/replace

Worst Cost: **\$6,000**

Higher allowance

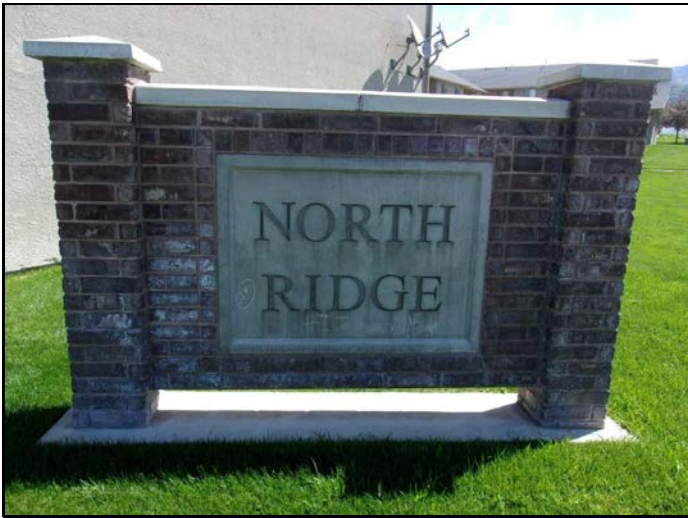
Source of Information: CSL Cost Database

Observations:

The concrete is generally in good condition. This component has an extended useful life under normal conditions. We recommend funding to make repairs and partially replace this component approximately every 10 years. Remaining life based on current age.

General Notes:

Comp #: 801 Monument Sign - Refurbish



Location: **West Community Entrance**

Quantity: **(1) Sign**

Life Expectancy: **20** *Remaining Life:* **6**

Best Cost: **\$1,000**

Estimate to refurbish

Worst Cost: **\$1,500**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The monument sign is in good condition. We recommend funding to refurbish this component approximately every 15 - 20 years. Remaining life is based on current age.

General Notes:

Comp #: 803 Mailboxes - Replace



Location: **Common Area**

Quantity: **(4) Clusters**

Life Expectancy: **20** Remaining Life: **6**

Best Cost: **\$8,000**

Estimate to replace

Worst Cost: **\$9,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The mailboxes are in good to fair condition. We recommend funding to replace this component approximately every 20 - 25 years. Remaining life based on current age.

General Notes:



Comp #: 1008 Vinyl Fencing - Replace



Location: **Patio Privacy Screens**

Quantity: **Approx 625 Linear ft**

Life Expectancy: **N/A** Remaining Life:

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Observations:

Research with the client reveals this component is not a responsibility of the association.

General Notes:

Comp #: 1301 Play Structure - Replace



Location: **Play Area**

Quantity: **(1) Structure**

Life Expectancy: **25** Remaining Life: **10**

Best Cost: **\$25,000**

Estimate to replace

Worst Cost: **\$35,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The play structure is in good condition. We recommend funding to replace this component approximately every 20 - 25 years. Remaining life based on current age.

General Notes:

Comp #: 1303 Play Area Groundcover - Refill



Location: **Play Area**

Quantity: **Approx 2,150 Sq.ft**

Life Expectancy: **5** *Remaining Life:* **0**

Best Cost: **\$2,500**

Estimate to refill

Worst Cost: **\$3,500**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The play area groundcover is in fair to poor condition. We recommend funding to refill this component approximately every 3 - 5 years. Remaining life is based on current condition.

General Notes:

Comp #: 1306 Picnic Tables - Replace



Location: **Pavilions**

Quantity: **(8) Tables**

Life Expectancy: **15** Remaining Life: **7**

Best Cost: **\$7,000**

Estimate to replace

Worst Cost: **\$10,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The picnic tables are in good to fair condition. We recommend funding to replace this component approximately every 10 - 15 years. Remaining life based on current age.

General Notes:

Comp #: 1602 Exterior Light Fixtures - Replace



Location: **Building Exteriors**

Quantity: **(96) Fixtures**

Life Expectancy: **20** Remaining Life: **6**

Best Cost: **\$12,000**

Estimate to replace

Worst Cost: **\$15,000**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The exterior light fixtures are in good to fair condition. We recommend funding to replace this component approximately every 16 - 20 years. Remaining life based on current age.

General Notes:

Comp #: 1609 Street Light Fixtures - Replace



Location: **Community Streets**

Quantity: **(2) Fixtures**

Life Expectancy: **20** *Remaining Life:* **6**

Best Cost: **\$1,500**

Estimate to replace

Worst Cost: **\$2,500**

Higher estimate

Source of Information: CSL Cost Database

Observations:

The street light fixtures are in good condition. No expectation to replace the light poles. Paint poles as necessary as an operating expense. We recommend funding to replace this component approximately every 20 years. Remaining life based on current age.

General Notes:

Comp #: 1812 Landscaping & Irrigation System - Renovate



Location: **Common Area**

Quantity: **Approx Sq.ft**

Life Expectancy: **20** Remaining Life: **6**

Best Cost: **\$15,000**

Allowance to renovate

Worst Cost: **\$20,000**

Higher allowance

Source of Information: CSL Cost Database

Observations:

The landscaping and irrigation system are in good to fair condition. We recommend funding for an allowance to renovate the landscaping and irrigation system approximately every 20 years. Remaining life based on current age.

General Notes:

Glossary of Commonly Used Words And Phrases

(Provided by the National Reserve Study Standards of the Community Associations Institute)

Cash Flow Method – A method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component – Also referred to as an “Asset.” Individual line items in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited useful life expectancies, 3) have predictable remaining life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

Component Full Funding – When the actual (or projected) cumulative reserve balance for all components is equal to the fully funded balance.

Component Inventory – The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

Deficit – An actual (or projected reserve balance), which is less than the fully funded balance.

Effective Age – The difference between useful life and remaining useful life (UL - RUL).

Financial Analysis – The portion of the Reserve Study where current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived, and the projected reserve income and expenses over time is presented. The financial analysis is one of the two parts of the Reserve Study.

Fully Funded Balance – An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life “used up” of the current repair or replacement cost of a reserve component. This number is calculated for each component, and then summed together for an association total.

$$\text{FFB} = \text{Current Cost} * \text{Effective Age} / \text{Useful Life}$$

Fund Status – The status of the reserve fund as compared to an established benchmark, such as percent funded.

Funding Goals – Independent of calculation methodology utilized, the following represent the basic categories of funding plan goals:

- *Baseline Funding*: Establishing a reserve-funding goal of keeping the reserve balance above zero.
- *Component Full Funding*: Setting a reserve funding goal of attaining and maintaining cumulative reserves at or near 100% funded.
- *Threshold Funding*: Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount.

Funding Plan – An association’s plan to provide income to a reserve fund to offset anticipated expenditures from that fund.



Funding Principles –

- Sufficient funds when required
- Stable contributions through the year
- Evenly distributed contributions over the years
- Fiscally responsible

GSF - Gross Square Feet

Life and Valuation Estimates – The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

LF - Linear Feet

Percent Funded – The ratio, at a particular point in time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the ideal fund balance, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the component evaluation, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) – Also referred to as “remaining life” (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the current fiscal year have a “0” remaining useful life.

Replacement Cost – The cost of replacing, repairing, or restoring a reserve component to its original functional condition. The current replacement cost would be the cost to replace, repair, or restore the component during that particular year.

Reserve Balance – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components that the association is obligated to maintain. Also known as “reserves,” “reserve accounts,” or “cash reserves.” In this report the reserve balance is based upon information provided and is not audited.

Reserve Study – A budget-planning tool, which identifies the current status of the reserve fund and a stable and equitable funding plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

Special Assessment – An assessment levied on the members of an association in addition to regular assessments. Governing documents or local statutes often regulate special assessments.

Surplus – An actual (or projected) reserve balance that is greater than the fully funded balance.

Useful Life (UL) – Also known as “life expectancy.” The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed and maintained in its present application of installation.

