

Chase Creek Condominiums

Level 1 Reserve Study



Report Period – 1/1/2010 – 12/31/2010

Client Reference Number	11442
Property Type	Condominiums
Number of Units	33
Fiscal Year End	12/31

Date of Property Inspection	October 21, 2009
Prepared By	Robert Forney
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on – Monday, November 30, 2009

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Glossary of Commonly used Words and Phrases

Executive Summary – Chase Creek Condominiums - ID # 11442

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 1/1/2010	\$11,320
Ideal Reserve Balance as of 1/1/2010	\$86,899
Percent Funded as of 1/1/2010	13%
Recommended Reserve Contribution (per month)	\$1,500
Minimum Reserve Contribution (per month)	\$1,400
Recommended Special Assessment	\$0

Chase Creek Condominiums is a 33-unit community. Construction on the community was completed in 2002.

Currently Programmed Projects

There are no projects programmed to occur in this fiscal year (FY2010). (See page 15)

Major Reserve Expenditures

The first major reserve expenditure is programmed to occur in fiscal year 2015. We have programmed a repaint of the stucco surfaces (Comp# 201) to occur in fiscal year 2015. We have programmed approximately \$57,941 in reserve funds or approximately 66% of fiscal year 2015's recommended starting balance towards the completion of these projects (see page 10).

Significant Reserve Projects

The association's significant reserve projects include repainting the stucco surfaces (Comp# 201), replacing the pitched roofs (Comp# 105), overlaying the asphalt (Comp# 401), and slurry sealing the asphalt streets (Comp# 402). The fiscal significance of these components is approximately 30%, 21%, 8%, and 7% respectively (see page 8). 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 \$11,320 versus the ideal reserve balance of \$86,899.22 we find the association's reserve fund to be approximately 13% funded. This indicates a fair reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of \$1,500 (\$45.45/unit) per month. We have also included a minimum reserve contribution of \$1,400 (\$42.42/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 an educated estimate of the necessary reserve allocation. The detailed schedules will serve as an advanced warning that major projects will need to be addressed in the future. This will allow the Board of Directors to have ample time to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. It will also 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

After working for a notable national reserve study provider Mr. Forney started Complex Solutions Ltd. in 2001. Complex Solutions provides reserve study consulting services to clients primarily in California, Nevada and Utah. Mr. Forney holds a Bachelor of Science degree in Business Administration from Pepperdine University.

- Conducted over 1,000 reserve studies
- Created the proprietary software and databases used to prepare Complex Solutions' reserve studies. This proprietary software gives Complex Solutions the freedom and ability to create reports tailored to the individual clients needs.
- Projects have ranged in size from small apartment-style condominium communities to 1000+ Planned Unit Communities (PUD).
- Clients have ranged from developers interested in setting initial reserve accounts for communities under construction to high-rise communities, even an aero park (small airport).
- Active member of three local chapters of CAI (Nevada, Utah, and Channel Islands, CA).
- (3) Articles published in Community Interests.

Budget Breakdown

Every association conducts their business within a budget. There are typically two main parts to this budget, operating and reserves. The operating budget includes all expenses that are fixed on an annual basis. These would include management fees, maintenance fees, utilities, etc. The reserves is primarily made up of capital replacement items such as roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis. Typically, the reserve contribution makes up 15% - 40% of the association's total budget. Therefore, reserves are considered to be a major part of the overall monthly association payment.

Report Sections

The **Reserve Analysis 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).

The **Component Evaluation Section** contains information regarding the physical status and replacement cost of major common area 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

Why is it important to perform a Reserve Study?

As previously mentioned, the reserve allocation makes up a significant portion of the total monthly dues. This report provides the essential information that is needed to guide the Board of Directors in establishing the budget in order to run the daily operations of your association. It is suggested that a third party professionally prepare the Reserve Study since there is no vested interest in the property. Also, a professional knows what to look for and how to properly develop an accurate and reliable component list.

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

Hopefully, you will not look at this report and think it is too cumbersome to understand. Our intention is to make this Reserve Study easy to read and understand. Please take the time to review it carefully and make sure the “main ingredients” (component information) are complete and accurate. If there are any inaccuracies, please inform us immediately so we may revise the report.

Once you feel the report is an accurate tool to work from, use it to help establish your budget for the upcoming fiscal year. The reserve allocation makes up a large portion of the total monthly dues and this report should help you determine the correct amount of money to go into the reserve fund. Additionally, the Reserve Study should act as a guide to obtain proposals in advance of pending projects. This will give you an opportunity to shop around for the best price available.

The Reserve Study should be readily available for real estate agents, brokerage firms, and lending institutions for potential future homeowners. As the importance of reserves becomes more of a household term, people are requesting homeowners associations reveal the strength of the reserve fund prior to purchasing a condominium, town home, or any property that belongs to an association.

How often do we update or review the Reserve Study?

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has projections for the next 30 years. Just like any major line item in the budget, the Reserve Study should be reviewed each year before the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Deterioration rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the content of the Reserve Study. Therefore, this analysis should be reviewed annually, and a property inspection should be conducted at least once every three years.

Is it the law to have a Reserve Study conducted?

The Government requires reserve analyses in approximately 20 States. Even if it is not currently governed by your State, the chances are very good that the documents of the association require the association to have a reserve fund established. This doesn't mean a Reserve Study is required, but how are you going to know you have enough funds in the account if you don't have the proper information? Some associations look at the Reserve fund and think that \$50,000 is a lot of money and they are in good shape. What they don't know is that the roof is going to need to be replaced within 5 years, and the cost of the roof is going to exceed \$75,000. So while \$50,000 sounds like a lot of money, in reality it won't even cover the cost of a roof, let alone all the other amenities the association is responsible to maintain.

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 1 year, and costs above a minimum threshold amount. An “Operating” expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a roof for damage caused by high winds or other weather elements would be considered an “Operating” expense. However, if the entire roof needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a reserve expense.

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, then it cannot be considered a Reserve issue. However, it is the opinion of several major Reserve Study providers that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to

ignore a major expense that meets the criteria to be considered a reserve component. Once explained in this context, many accountants tend to agree and will include any expenses, such as these examples, as a reserve component.

What happens during the Property Inspection?

The Property Inspection was conducted following a review of the documents that were established by the developer identifying all common area assets. In some cases, the Board of Directors at some point may have revised the documents. In either case, the most current set of documents was reviewed prior to inspecting the property. In addition, common area assets may have been reported to Complex Solutions by the client, or by other parties.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the inspection. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the inspection. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property.

What is the Financial Analysis?

We projected the starting balance by taking the most recent balance statement, adding expected reserve contributions for the rest of the fiscal year, and subtracting any pending projects that will be paid for before the end of the current fiscal year. We compared this number to the ideal reserve balance and arrived at the percent funded level.

Measures of strength are as follows:

- 0% - 30% Funded** is considered to be a “weak” financial position. Associations that fall into this category are subject to special assessments and deferred maintenance, which could lead to lower property values. If the association is in this position, actions should be taken to improve the financial strength of the reserve fund.
- 31% - 69% Funded** is considered a “fair” financial position. The majority of associations fall into this category. While this doesn’t represent financial strength and stability, the likelihood of special assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the reserve fund.
- 70% - 99% Funded** is considered a “strong” financial position. This indicates financial strength of a reserve fund and every attempt to maintain this level should be a goal of the association.
- 100% Funded** is considered an “ideal” financial position. This means that the association has the exact amount of funds in the reserve account.

Funding Summary

Beginning Assumptions

# of units	33
Fiscal Year End	31-Dec
Budgeted Monthly Reserve Allocation	\$660
Projected Starting Reserve Balance	\$11,320
Ideal Starting Reserve Balance	\$86,899

Economic Assumptions

Current Inflation Rate	3.00%
Reported After-Tax Interest Rate	2.00%

Current Reserve Status

Current Balance as a % of Ideal Balance	13%
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Recommendations

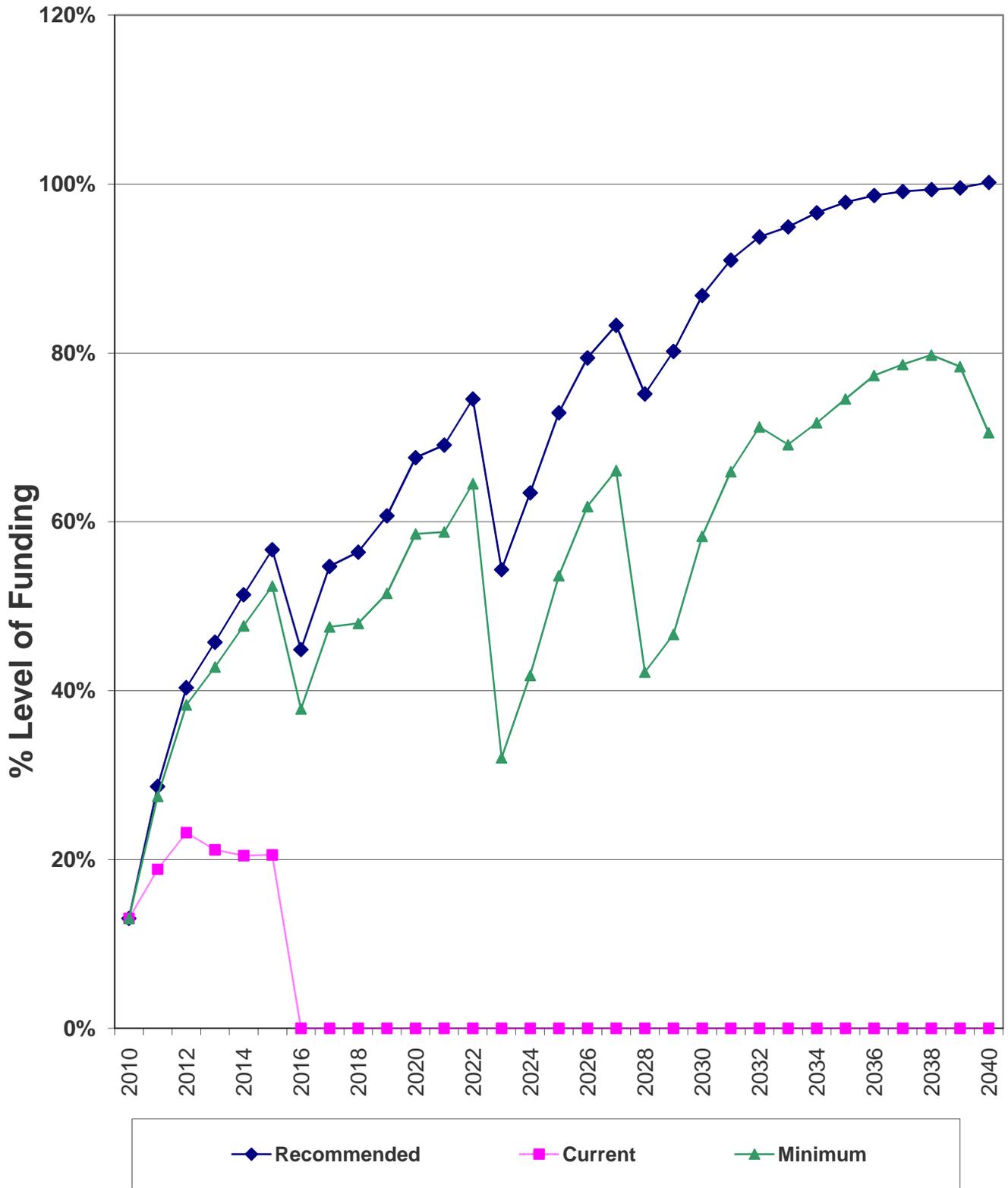
Recommended Monthly Reserve Allocation	\$1,500
Per Unit	\$45.45
Future Annual Increases	3.00%
For number of years:	12
Increases thereafter:	2.00%
Minimum Recommended Monthly Reserve Allocation	\$1,400
Per Unit	\$42.42
Future Annual Increases	3.00%
For number of years:	12
Increases thereafter:	2.00%

Changes From Prior Year

Recommended Increase to Reserve Allocation as Percentage	\$840 127%
Minimum Recommended Increase to Reserve Allocation as Percentage	\$740 112%



Percent Funded - Graph



Component Inventory

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Roofing	105	Pitched Roof - Comp Shingle - Replace	20	12	\$54,990	\$59,220
Painted Surfaces	201	Stucco Surfaces - Repaint	12	5	\$45,220	\$54,740
	204	Front Doors - Repaint	6	4	\$3,600	\$4,500
	206	Garage Doors - Repaint	6	4	\$1,550	\$2,170
	207	Wrought Iron Railings - Repaint	5	2	\$3,800	\$4,200
Siding Materials	390	Rock Facade - Repair	15	7	\$5,000	\$7,000
Drive Materials	401	Asphalt - Overlay	20	12	\$20,350	\$23,125
	402	Asphalt - Slurry Seal	5	3	\$4,400	\$4,800
	403	Concrete - Repair/Replace	5	3	\$2,000	\$3,000
Property Access	507	Carports - Replace	N/A		\$0	\$0
Fencing	1002	Wrought Iron Railings - Repair/Replace	25	17	\$7,500	\$9,000
	1008	PVC Vinyl Fencing - Replace (Board)	18	10	\$7,360	\$8,280
	1009	PVC Vinyl Fencing - Replace (Picket)	15	7	\$7,000	\$8,400
Light Fixtures	1602	Exterior Wall Mount Lights - Replace	16	8	\$2,920	\$4,380
Landscaping	1812	Landscaping - Renovate	8	2	\$4,000	\$6,000

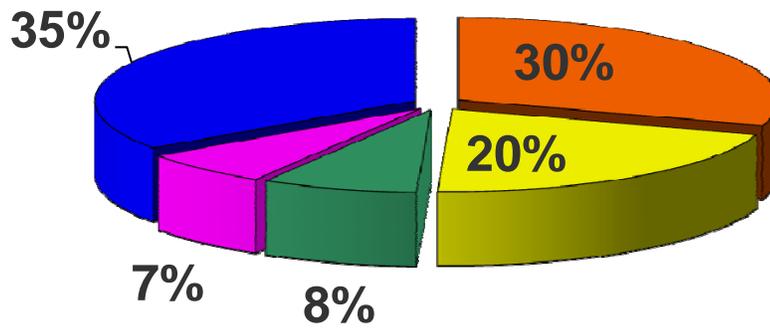


Significant Components

ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Pitched Roof - Comp Shingle - Replace	20	12	\$57,105	\$2,855	20.6259%
201	Stucco Surfaces - Repaint	12	5	\$49,980	\$4,165	30.0873%
204	Front Doors - Repaint	6	4	\$4,050	\$675	4.8761%
206	Garage Doors - Repaint	6	4	\$1,860	\$310	2.2394%
207	Wrought Iron Railings - Repaint	5	2	\$4,000	\$800	5.7791%
390	Rock Facade - Repair	15	7	\$6,000	\$400	2.8895%
401	Asphalt - Overlay	20	12	\$21,738	\$1,087	7.8514%
402	Asphalt - Slurry Seal	5	3	\$4,600	\$920	6.6459%
403	Concrete - Repair/Replace	5	3	\$2,500	\$500	3.6119%
1002	Wrought Iron Railings - Repair/Replace	25	17	\$8,250	\$330	2.3839%
1008	PVC Vinyl Fencing - Replace (Board)	18	10	\$7,820	\$434	3.1384%
1009	PVC Vinyl Fencing - Replace (Picket)	15	7	\$7,700	\$513	3.7082%
1602	Exterior Wall Mount Lights - Replace	16	8	\$3,650	\$228	1.6479%
1812	Landscaping - Renovate	8	2	\$5,000	\$625	4.5149%



Significant Components - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
201	Stucco Surfaces - Repaint	12	5	\$49,980	\$4,165	30%
105	Pitched Roof - Comp Shingle - Replac	20	12	\$57,105	\$2,855	21%
401	Asphalt - Overlay	20	12	\$21,738	\$1,087	8%
402	Asphalt - Slurry Seal	5	3	\$4,600	\$920	7%
All Other	See Expanded Table For Breakdown				\$4,816	35%



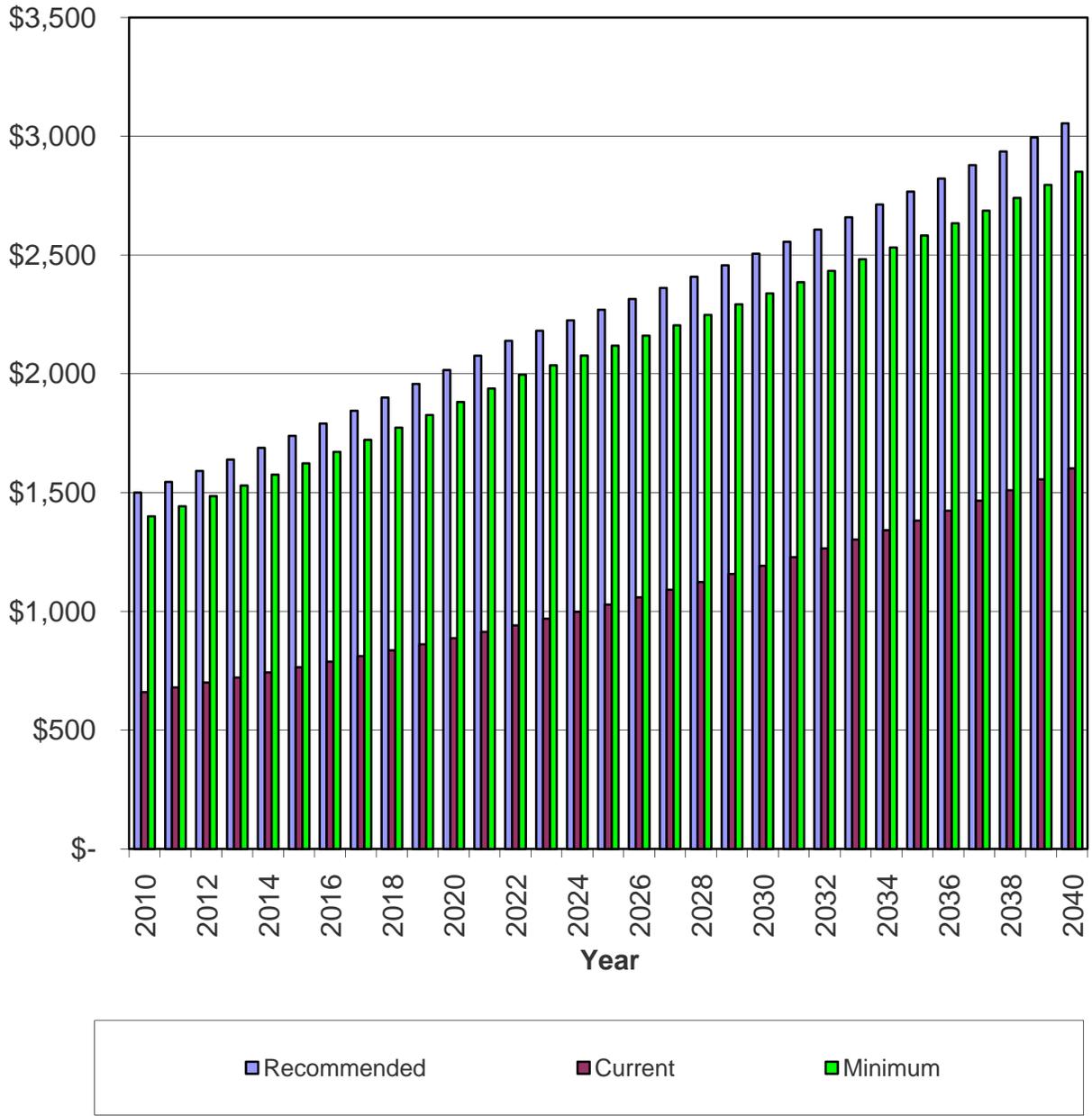
Yearly Summary

Year	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Reserve Contributions	Interest Income	Reserve Expenses
2010	\$86,899	\$11,320	13%	\$18,000	\$410	\$0
2011	\$103,765	\$29,730	29%	\$18,540	\$787	\$0
2012	\$121,564	\$49,057	40%	\$19,096	\$1,087	\$9,548
2013	\$130,503	\$59,692	46%	\$19,669	\$1,325	\$7,758
2014	\$142,007	\$72,928	51%	\$20,259	\$1,609	\$6,652
2015	\$155,464	\$88,144	57%	\$20,867	\$1,405	\$57,941
2016	\$116,978	\$52,476	45%	\$21,493	\$1,276	\$0
2017	\$137,513	\$75,245	55%	\$22,138	\$1,522	\$21,769
2018	\$136,752	\$77,136	56%	\$22,802	\$1,650	\$13,618
2019	\$144,890	\$87,970	61%	\$23,486	\$2,013	\$0
2020	\$167,841	\$113,469	68%	\$24,190	\$2,280	\$25,172
2021	\$166,112	\$114,768	69%	\$24,916	\$2,568	\$0
2022	\$190,832	\$142,252	75%	\$25,664	\$1,938	\$118,114
2023	\$95,229	\$51,741	54%	\$26,177	\$1,203	\$10,427
2024	\$108,285	\$68,694	63%	\$26,701	\$1,656	\$0
2025	\$133,100	\$97,051	73%	\$27,235	\$2,234	\$0
2026	\$159,307	\$126,519	79%	\$27,779	\$2,738	\$9,484
2027	\$177,199	\$147,553	83%	\$28,335	\$2,226	\$102,857
2028	\$100,139	\$75,257	75%	\$28,901	\$1,603	\$20,599
2029	\$106,200	\$85,162	80%	\$29,480	\$2,016	\$0
2030	\$134,388	\$116,658	87%	\$30,069	\$2,658	\$0
2031	\$164,172	\$149,385	91%	\$30,670	\$3,325	\$0
2032	\$195,621	\$183,380	94%	\$31,284	\$3,561	\$45,239
2033	\$182,214	\$172,986	95%	\$31,910	\$3,672	\$14,012
2034	\$201,388	\$194,555	97%	\$32,548	\$4,181	\$7,420
2035	\$228,771	\$223,864	98%	\$33,199	\$4,854	\$0
2036	\$265,488	\$261,916	99%	\$33,863	\$5,520	\$10,783
2037	\$293,096	\$290,515	99%	\$34,540	\$6,123	\$8,885
2038	\$324,409	\$322,293	99%	\$35,231	\$6,380	\$47,658
2039	\$317,676	\$316,246	100%	\$35,935	\$5,557	\$117,781



Reserve Contributions - Graph

Monthly Reserve Contributions



Component Funding Information

ID	Component Name	JL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
105	Pitched Roof - Comp Shingle - Replace	20	12	Approx 28,200 Sq.ft.	\$57,105	\$22,842	\$0	\$309.39
201	Stucco Surfaces - Repaint	12	5	Approx 47,600 Sq.ft.	\$49,980	\$29,155	\$360	\$451.31
204	Front Doors - Repaint	6	4	(36) Doors	\$4,050	\$1,350	\$1,350	\$73.14
206	Garage Doors - Repaint	6	4	(31) Garage Doors	\$1,860	\$620	\$620	\$33.59
207	Wrought Iron Railings - Repaint	5	2	Approx 150 Linear ft.	\$4,000	\$2,400	\$2,400	\$86.69
390	Rock Facade - Repair	15	7	Approx 4,120 Sq.ft.	\$6,000	\$3,200	\$0	\$43.34
401	Asphalt - Overlay	20	12	Approx 18,500 Sq.ft.	\$21,738	\$8,695	\$0	\$117.77
402	Asphalt - Slurry Seal	5	3	Approx 18,500 Sq.ft.	\$4,600	\$1,840	\$1,840	\$99.69
403	Concrete - Repair/Replace	5	3	Moderate Sq.ft.	\$2,500	\$1,000	\$1,000	\$54.18
1002	Wrought Iron Railings - Repair/Replace	25	17	Approx 150 Linear ft.	\$8,250	\$2,640	\$0	\$35.76
1008	PVC Vinyl Fencing - Replace (Board)	18	10	Approx 230 Linear ft.	\$7,820	\$3,476	\$0	\$47.08
1009	PVC Vinyl Fencing - Replace (Picket)	15	7	Approx 280 Linear ft.	\$7,700	\$4,107	\$0	\$55.62
1602	Exterior Wall Mount Lights - Replace	16	8	(73) Light Fixtures	\$3,650	\$1,825	\$0	\$24.72
1812	Landscaping - Renovate	8	2	Minimal Sq.ft.	\$5,000	\$3,750	\$3,750	\$67.72
						\$64,057	\$11,320	\$1,191

Current Fund Balance as a percentage of Ideal Balance:

18%



Yearly Cash Flow

Year	2010	2011	2012	2013	2014
Starting Balance	\$11,320	\$29,730	\$49,057	\$59,692	\$72,928
<i>Reserve Income</i>	\$18,000	\$18,540	\$19,096	\$19,669	\$20,259
<i>Interest Earnings</i>	\$410	\$787	\$1,087	\$1,325	\$1,609
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$29,730	\$49,057	\$69,240	\$80,686	\$94,796
Reserve Expenditures	\$0	\$0	\$9,548	\$7,758	\$6,652
Ending Balance	\$29,730	\$49,057	\$59,692	\$72,928	\$88,144

Year	2015	2016	2017	2018	2019
Starting Balance	\$88,144	\$52,476	\$75,245	\$77,136	\$87,970
<i>Reserve Income</i>	\$20,867	\$21,493	\$22,138	\$22,802	\$23,486
<i>Interest Earnings</i>	\$1,405	\$1,276	\$1,522	\$1,650	\$2,013
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$110,416	\$75,245	\$98,905	\$101,588	\$113,469
Reserve Expenditures	\$57,941	\$0	\$21,769	\$13,618	\$0
Ending Balance	\$52,476	\$75,245	\$77,136	\$87,970	\$113,469

Year	2020	2021	2022	2023	2024
Starting Balance	\$113,469	\$114,768	\$142,252	\$51,741	\$68,694
<i>Reserve Income</i>	\$24,190	\$24,916	\$25,664	\$26,177	\$26,701
<i>Interest Earnings</i>	\$2,280	\$2,568	\$1,938	\$1,203	\$1,656
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$139,940	\$142,252	\$169,854	\$79,121	\$97,051
Reserve Expenditures	\$25,172	\$0	\$118,114	\$10,427	\$0
Ending Balance	\$114,768	\$142,252	\$51,741	\$68,694	\$97,051

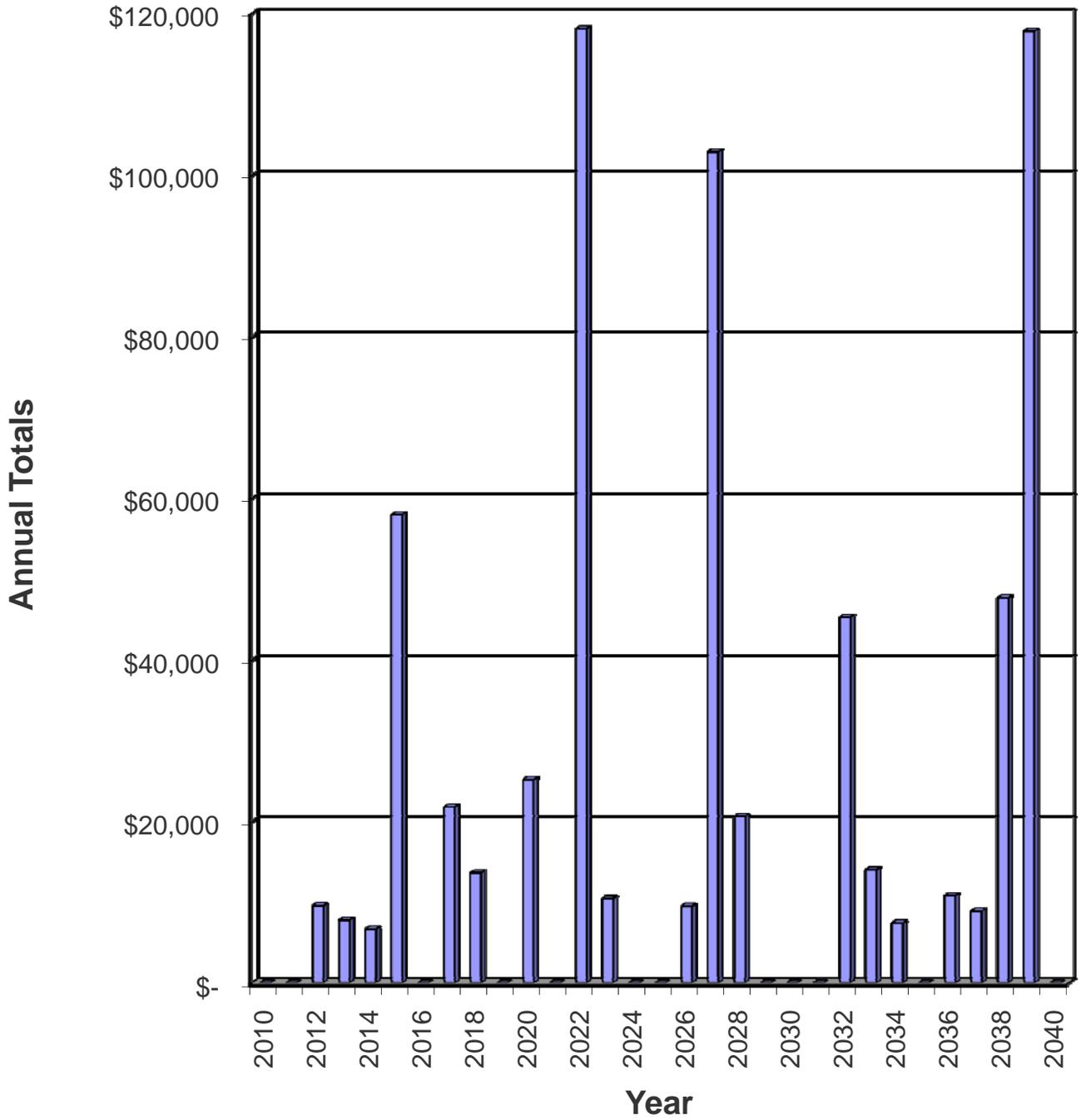
Year	2025	2026	2027	2028	2029
Starting Balance	\$97,051	\$126,519	\$147,553	\$75,257	\$85,162
<i>Reserve Income</i>	\$27,235	\$27,779	\$28,335	\$28,901	\$29,480
<i>Interest Earnings</i>	\$2,234	\$2,738	\$2,226	\$1,603	\$2,016
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$126,519	\$157,037	\$178,114	\$105,761	\$116,658
Reserve Expenditures	\$0	\$9,484	\$102,857	\$20,599	\$0
Ending Balance	\$126,519	\$147,553	\$75,257	\$85,162	\$116,658

Year	2030	2031	2032	2033	2034
Starting Balance	\$116,658	\$149,385	\$183,380	\$172,986	\$194,555
<i>Reserve Income</i>	\$30,069	\$30,670	\$31,284	\$31,910	\$32,548
<i>Interest Earnings</i>	\$2,658	\$3,325	\$3,561	\$3,672	\$4,181
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$149,385	\$183,380	\$218,225	\$208,567	\$231,283
Reserve Expenditures	\$0	\$0	\$45,239	\$14,012	\$7,420
Ending Balance	\$149,385	\$183,380	\$172,986	\$194,555	\$223,864

Year	2035	2036	2037	2038	2039
Starting Balance	\$223,864	\$261,916	\$290,515	\$322,293	\$316,246
<i>Reserve Income</i>	\$33,199	\$33,863	\$34,540	\$35,231	\$35,935
<i>Interest Earnings</i>	\$4,854	\$5,520	\$6,123	\$6,380	\$5,557
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$261,916	\$301,298	\$331,178	\$363,903	\$357,738
Reserve Expenditures	\$0	\$10,783	\$8,885	\$47,658	\$117,781
Ending Balance	\$261,916	\$290,515	\$322,293	\$316,246	\$239,957



Yearly Reserve Expenditures - Graph



Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2010		No Expenditures Projected		\$0
2011		No Expenditures Projected		\$0
2012	207 1812	Wrought Iron Railings - Repaint Landscaping - Renovate	\$4,244 \$5,305	\$9,548
2013	402 403	Asphalt - Slurry Seal Concrete - Repair/Replace	\$5,027 \$2,732	\$7,758
2014	204 206	Front Doors - Repaint Garage Doors - Repaint	\$4,558 \$2,093	\$6,652
2015	201	Stucco Surfaces - Repaint	\$57,941	\$57,941
2016		No Expenditures Projected		\$0
2017	207 390 1009	Wrought Iron Railings - Repaint Rock Facade - Repair PVC Vinyl Fencing - Replace (Picket)	\$4,919 \$7,379 \$9,470	\$21,769
2018	402 403 1602	Asphalt - Slurry Seal Concrete - Repair/Replace Exterior Wall Mount Lights - Replace	\$5,827 \$3,167 \$4,624	\$13,618
2019		No Expenditures Projected		\$0
2020	204 206 1008 1812	Front Doors - Repaint Garage Doors - Repaint PVC Vinyl Fencing - Replace (Board) Landscaping - Renovate	\$5,443 \$2,500 \$10,509 \$6,720	\$25,172
2021		No Expenditures Projected		\$0
2022	105 207 401	Pitched Roof - Comp Shingle - Replace Wrought Iron Railings - Repaint Asphalt - Overlay	\$81,418 \$5,703 \$30,992	\$118,114
2023	402 403	Asphalt - Slurry Seal Concrete - Repair/Replace	\$6,755 \$3,671	\$10,427
2024		No Expenditures Projected		\$0
2025		No Expenditures Projected		\$0
2026	204 206	Front Doors - Repaint Garage Doors - Repaint	\$6,499 \$2,985	\$9,484
2027	201 207 1002	Stucco Surfaces - Repaint Wrought Iron Railings - Repaint Wrought Iron Railings - Repair/Replace	\$82,609 \$6,611 \$13,636	\$102,857
2028	402 403 1812	Asphalt - Slurry Seal Concrete - Repair/Replace Landscaping - Renovate	\$7,831 \$4,256 \$8,512	\$20,599
2029		No Expenditures Projected		\$0
2030		No Expenditures Projected		\$0
2031		No Expenditures Projected		\$0
2032	204 206 207 390 1009	Front Doors - Repaint Garage Doors - Repaint Wrought Iron Railings - Repaint Rock Facade - Repair PVC Vinyl Fencing - Replace (Picket)	\$7,760 \$3,564 \$7,664 \$11,497 \$14,754	\$45,239

Year	Comp ID	Component Name	Projected Cost	Total Per Annum
2033	402	Asphalt - Slurry Seal	\$9,078	
	403	Concrete - Repair/Replace	\$4,934	\$14,012
2034	1602	Exterior Wall Mount Lights - Replace	\$7,420	\$7,420
2035		No Expenditures Projected		\$0
2036	1812	Landscaping - Renovate	\$10,783	\$10,783
2037	207	Wrought Iron Railings - Repaint	\$8,885	\$8,885
2038	204	Front Doors - Repaint	\$9,266	
	206	Garage Doors - Repaint	\$4,256	
	402	Asphalt - Slurry Seal	\$10,524	
	403	Concrete - Repair/Replace	\$5,720	
	1008	PVC Vinyl Fencing - Replace (Board)	\$17,892	\$47,658
2039	201	Stucco Surfaces - Repaint	\$117,781	\$117,781
2040		No Expenditures Projected		\$0

Component Evaluation

Comp #: 105 Pitched Roof - Comp Shingle - Replace



Location: **Building roofs**

Quantity: **Approx 28,200 Sq.ft.**

Life Expectancy: **20** *Remaining Life:* **12**

Best Cost: **\$54,990**

\$1.95/Sq.ft.; Estimate to replace roof

Worst Cost: **\$59,220**

\$2.10/Sq.ft.; Higher estimate for more labor costs

Source of Information: CSL Cost Database

Observations:

All shingles are intact and in good condition with no problems noted at time of inspection. Typically this type of roofing material has a useful life of approximately 20 years. Inspect roofs regularly and make local repairs as necessary as an operating issue to ensure full life from this component. Remaining life based on current age and condition.

General Notes:

Quantity breakdown:

5,000 Sq.ft. - North Building

6,800 Sq.ft. - East Building

5,000 Sq.ft. - South Building

11,400 Sq.ft. - West Building

28,200 Sq.ft. - Total

Comp #: 201 Stucco Surfaces - Repaint



Location: **Exterior building surfaces**

Quantity: **Approx 47,600 Sq.ft**

Life Expectancy: **12** *Remaining Life:* **5**

Best Cost: **\$45,220**

\$0.95/Sq.ft.; Estimate to repaint stucco surfaces

Worst Cost: **\$54,740**

\$1.15/Sq.ft.; Higher estimate for more prep costs

Source of Information: CSL Cost Database

Observations:

Painted stucco surfaces are generally in good condition, no significant staining or discoloration noted. Stucco surfaces should typically be repainted approximately every 12 years to protect stucco surface and maintain appearance. Remaining life based on current condition.

General Notes:

Quantity breakdown:

10,000 Sq.ft. - North Building

12,600 Sq.ft. - East Building

10,000 Sq.ft. - South Building

15,000 Sq.ft. - West Building

47,600 Sq.ft. - Total

Comp #: 204 Front Doors - Repaint



Picture Unavailable

Location: **Community buildings**

Quantity: **(36) Doors**

Life Expectancy: **6** *Remaining Life:* **4**

Best Cost: **\$3,600**

\$100/Door; Estimate to repaint doors

Worst Cost: **\$4,500**

\$125/Door; Higher estimate for more prep work

Source of Information: CSL Cost Database

Observations:

Painted door surfaces are generally in good condition. Some scuffing and marking noted throughout. Repaint doors approximately every 6 years to maintain appearance and protect wood surface. Remaining life based on average condition.

General Notes:

Empty box for general notes.

Comp #: 206 Garage Doors - Repaint



Location: **Community buildings**

Quantity: **(31) Garage Doors**

Life Expectancy: **6** *Remaining Life:* **4**

Best Cost: **\$1,550**
\$50/Garage door; Estimate to repaint garage doors

Worst Cost: **\$2,170**
\$70/Garage door; Higher estimate for more prep work

Source of Information: CSL Cost Database

Observations:

Doors are in good condition. No significant marking or paint loss noted. Expect to repaint these doors approximately every 6 years to maintain appearance. Remaining life based on current condition.

General Notes:

Comp #: 207 Wrought Iron Railings - Repaint



Location: **West building**

Quantity: **Approx 150 Linear ft.**

Life Expectancy: **5** *Remaining Life:* **2**

Best Cost: **\$3,800**

Estimate to repaint

Worst Cost: **\$4,200**

Higher estimate

Source of Information: CSL Cost Database

Observations:

Painted wrought iron surfaces are in good condition, no rusting or paint loss noted. Repaint this component approximately every 5 years to maintain appearance and protect metal surfaces. Remaining life based on current condition.

General Notes:

Comp #: 390 Rock Facade - Repair



Location: **Community buildings**

Quantity: **Approx 4,120 Sq.ft.**

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

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

Estimate to make repairs to approx 10%

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

Higher estimate for more costs

Source of Information: CSL Cost Database

Observations:

Rock façade is in good condition with no missing pieces or other appearance concerns noted at time of inspection. We recommend funding to make repairs to this component approximately every 15 years. Remaining useful life based on current age.

General Notes:

Comp #: 401 Asphalt - Overlay



Location: **Community streets**

Quantity: **Approx 18,500 Sq.ft.**

Life Expectancy: **20** *Remaining Life:* **12**

Best Cost: **\$20,350**
\$1.10/Sq.ft.; Estimate for overlay

Worst Cost: **\$23,125**
\$1.25/Sq.ft.; Higher estimate for local repairs

Source of Information: CSL Cost Database

Observations:

Asphalt streets are in good condition. No cracking or structural problems noted at the time of inspection. Seal these streets regularly (see Comp# 402 Asphalt - Slurry Seal) to protect surface and ensure full life.

General Notes:

Comp #: 402 Asphalt - Slurry Seal



Location: **Community streets**

Quantity: **Approx 18,500 Sq.ft.**

Life Expectancy: **5** *Remaining Life:* **3**

Best Cost: **\$4,400**

Estimate for seal coat only

Worst Cost: **\$4,800**

Higher estimate for local repairs

Source of Information: Actual Cost History

Observations:

Asphalt seal coat is in good to fair condition. No significant raveling or surface loss noted. Seal asphalt surfaces regularly to prevent premature overlay (see Comp# 401 Asphalt - Overlay). Remaining life based on current age and condition.

General Notes:

Comp #: 403 Concrete - Repair/Replace



Location: **Curbs, drain swale, etc.**

Quantity: **Moderate Sq.ft.**

Life Expectancy: **5** *Remaining Life:* **3**

Best Cost: **\$2,000**

Allowance to make repairs

Worst Cost: **\$3,000**

High allowance

Source of Information: CSL Cost Database

Observations:

Concrete is generally in good condition. No significant cracking or structural problems noted at the time of inspection. No expectation to completely replace the concrete surfaces. We recommend making local repairs as necessary as an operating expense and funding to make more significant repairs approximately every 10 years.

General Notes:

Comp #: 507 Carports - Replace



Picture Unavailable

Location: **Common area**

Quantity: **(1) Carport**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information: CSL Cost Database

Observations:

No problems noted with carports at the time of inspection. Due to the extended life associated with this component reserve funding for replacement is not appropriate. No reserve funding necessary.

General Notes:

Comp #: 1002 Wrought Iron Railings - Repair/Replace



Location: **West building**

Quantity: **Approx 150 Linear ft.**

Life Expectancy: **25** *Remaining Life:* **17**

Best Cost: **\$7,500**

\$50/Linear ft.; Estimate to replace fence

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

\$60/Linear ft.; Higher estimate for more labor

Source of Information: CSL Cost Database

Observations:

Fencing is in good condition. No significant rusting or structural problems noted at the time of inspection. With regular painting and maintenance, expect a useful life of 20 to 25 years from this component. Remaining life based on current age.

General Notes:

Comp #: 1008 PVC Vinyl Fencing - Replace (Board)



Location: **Common area**

Quantity: **Approx 230 Linear ft.**

Life Expectancy: **18** *Remaining Life:* **10**

Best Cost: **\$7,360**
\$32/Linear ft.; Estimate for PVC vinyl fence replacement

Worst Cost: **\$8,280**
\$36/Linear ft.; Higher estimate for better quality material

Source of Information: CSL Cost Database

Observations:

Fencing was observed to be in good condition at the time of inspection. We recommend funding to replace this type of fencing on an 18-year schedule. Remaining life based on current age.

General Notes:

Comp #: 1009 PVC Vinyl Fencing - Replace (Picket)



Location: **Balcony/Landing railings, common area fence**

General Notes:

Quantity: **Approx 280 Linear ft.**

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

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

\$25/Linear ft.; Estimate to replace fence

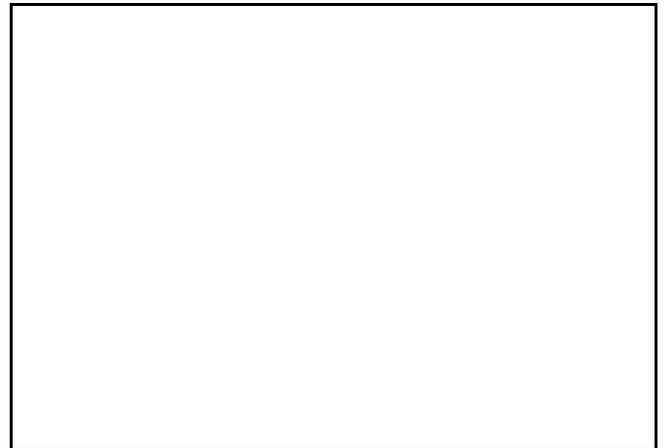
Worst Cost: **\$8,400**

\$30/Linear ft.; Higher estimate for more labor

Source of Information: CSL Cost Database

Observations:

This line item is for the replacement of the common area picket fencing as well as the balcony and landing railings. Although this component may reach an extended life we recommend funding to completely replace it approximately every 15 years to ensure appearance and stability.



Comp #: 1602 Exterior Wall Mount Lights - Replace



Location: **Exterior of buildings**

Quantity: **(73) Light Fixtures**

Life Expectancy: **16** *Remaining Life:* **8**

Best Cost: **\$2,920**
\$40/Lamp; Estimate to replace exterior wall lamp

Worst Cost: **\$4,380**
\$60/Lamp; Higher estimate for better quality

Source of Information: CSL Cost Database

Observations:

Lights are generally in good condition. No significant pitting or discoloration noted. Expect to replace these lights approximately every 16 years to maintain appearance. Remaining life based on current age and condition.

General Notes:

Comp #: 1812 Landscaping - Renovate



Location: **Common area**

Quantity: **Minimal Sq.ft.**

Life Expectancy: **8** *Remaining Life:* **2**

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

Allowance to renovate landscaping

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

Higher allowance

Source of Information: CSL Cost Database

Observations:

Landscaping is in good condition. We recommend funding for an allowance to make repairs to the irrigation system as well as upgrade and generally refurbish the landscaping to maintain appearance and keep up with current decorative tastes.

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.

