Heritage Estates HOA

Level 2 Reserve Study

Report Period – 01/31/2026 – 12/31/2026

Client Reference Number	18585
Property Type	Townhouse
Number of Units	40
Fiscal Year End	12/31

Type of Study	Update w/Site Visit
Date of Property Inspection	5/23/2025
Prepared By	Dale Gifford
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on – Tuesday, July 15, 2025

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Executive Summary – Heritage Estates HOA - ID # 18585

Information to complete a Level 1, and Level 2 Reserve Study was gathered by performing an in-person site visit of the community. Information to complete the Level 1, Level 2, and Level 3 Reserve Study was gathered by researching the expenditures of the community with the client. In addition, we may have also obtained information by contacting vendors and/or contractors that have worked with the community. To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate as far as the information obtained from these sources.

Projected Starting Balance as of 01/31/2026	**$305,984.02**
Ideal Reserve Balance as of 01/31/2026	**$409,708**
Percent Funded as of 01/31/2026	**75%**
Recommended Reserve Contribution (per month)	**$3,450**
Recommended Special Assessment 2026	**$0**

Heritage Estates HOA is a 40-unit Townhome community. The community offers landscaped areas as amenities. Construction on the community was completed in 1996.

Currently Programmed Projects
There are multiple projects programmed to occur this fiscal year (FY2026). We have programmed an estimated $33,000 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), rain gutters and downspouts replace (Comp# 120), landscaping and irrigation system renovate (Comp# 1812), and stucco surfaces repair/repaint (Comp# 201). The fiscal significance of these components is approximately 54%, 11%, 8%, and 6% 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 $305,984.02 versus the ideal reserve balance of $409,708 we find the association's reserve fund to be approximately 75% funded. This indicates a strong reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of $3,450 ($86.25/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 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 since 2002. Prior to taking a position as the Regional Project Manager covering the Utah region, at Complex Solutions in 2010, 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 experience with budget creation, reserves and reserve budgeting, community inspections, and analyzing common area components.

- Bachelor of Science in Chemistry from Emporia State University.
- Personally, has prepared over 3,000 reserve studies in Utah.
- Member of the Association of Professional Reserve Analysts (APRA).
- Professional Reserve Analyst (PRA) designation from Association of Professional Reserve Analysts (APRA), PRA #2320.
- Member of the Utah Chapter of Community Associations Institute (UCCAI). Former Board member, and former Utah Chapter President.
- Reserve Specialist (RS) designation from Community Associations Institute (CAI), RS# 231.
- Professional Community Association Manager® (PCAM®) designation from Community Associations Institute (CAI), PCAM# 1740.
- Association Management Specialist® (AMS®) designation from Community Associations Institute (CAI).
- Recipient of Community Associations Institute's (CAI) annual award of Excellence in Chapter Leadership for service and achievement in 2010.
- Member of the CAI Utah Legislative Action Committee.

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 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 twenty states. Also, the Association's governing documents may require a reserve fund to 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 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 frequently asked 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 identified the common area components that we have determined require reserve funding. These components are quantified, and physical condition is observed. The site visit is conducted on the common areas as reported by the 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 reflect 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 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 warrantee or guarantee regarding our life and cost estimates/predictions. There is no implied warrantee or guarantee on any of our work products. 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 all components have been properly built and will reach normal, typical life expectancies. A reserve study is not intended to identify or fund 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 of which we are aware.

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	40
Fiscal Year End	31-Dec
Budgeted Monthly Reserve Allocation	$0
Projected Starting Reserve Balance	$305,984
Ideal Starting Reserve Balance	$409,708

Economic Assumptions

Projected Inflation Rate	4.00%
Reported After-Tax Interest Rate	4.05%

Current Reserve Status

Current Balance as a % of Ideal Balance	75%

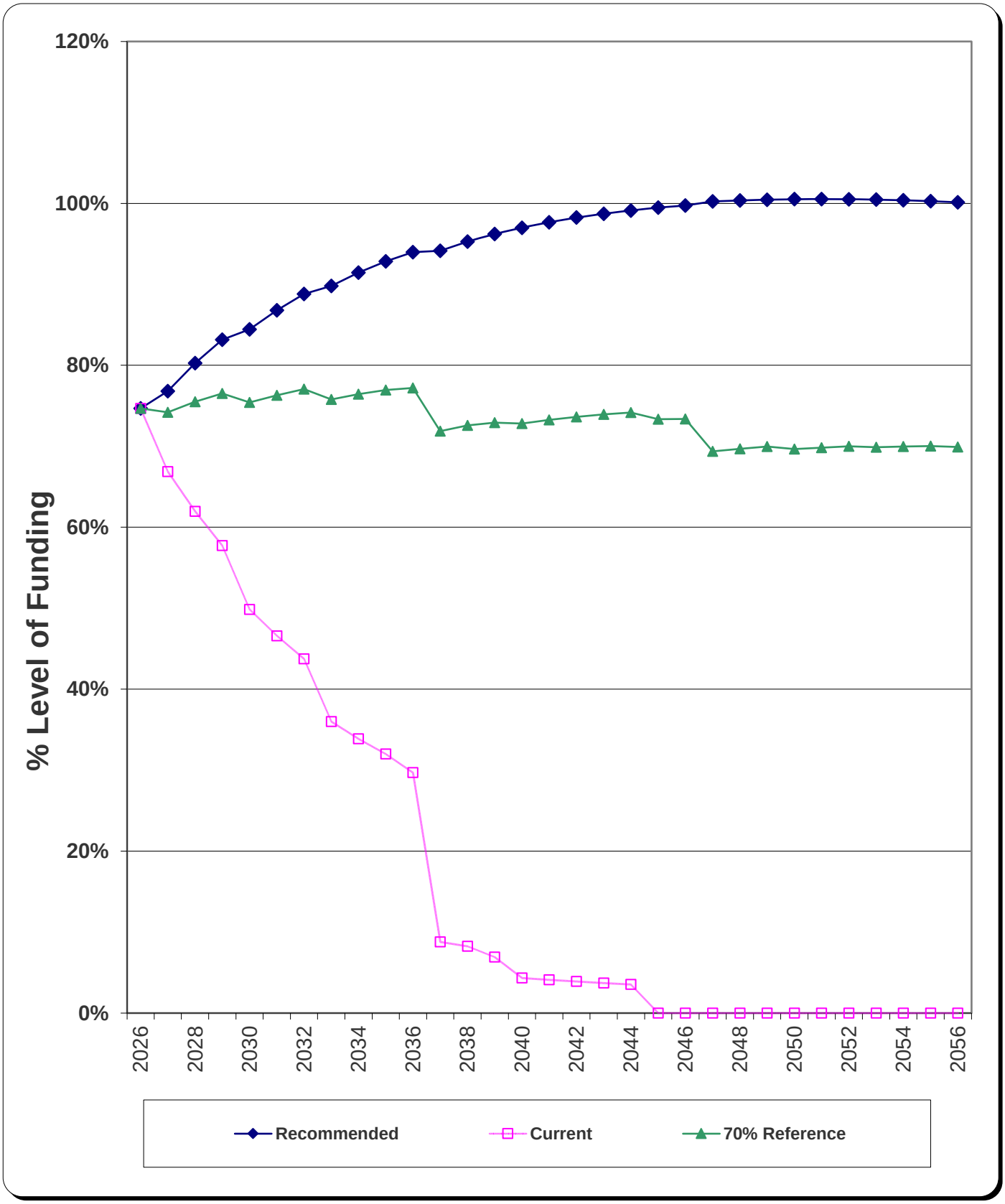
Recommendations

Recommended Monthly Reserve Allocation	$3,450
Per Unit	$86.25
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%
70% Funded Monthly Reserve Allocation Reference	$2,550
Per Unit	$63.75
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%

Changes From Prior Year

Recommended Increase to Reserve Allocation	$3,450
as Percentage	0%

Percent Funded - Graph



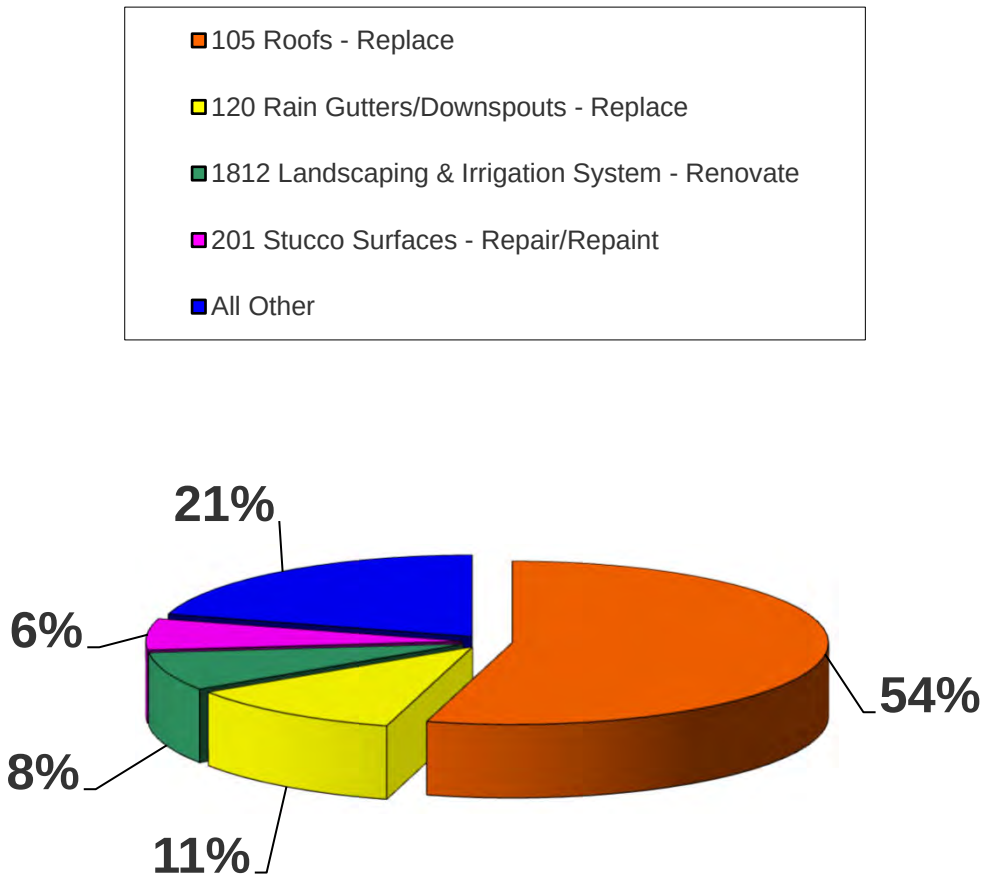
Component Inventory

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Roofing	105	Roofs - Replace	40	30	$651,000	$782,000
	120	Rain Gutters/Downspouts - Replace	30	20	$100,000	$124,000
Painted Surfaces	201	Stucco Surfaces - Repair/Repaint	15	3	$26,000	$35,000
	204	Front Doors - Repaint	10	3	$12,000	$16,000
Drive Materials	403	Concrete - Partial Repair/Replace	10	9	$5,000	$6,000
Prop. Identification	803	Mailboxes - Replace	N/A		$0	$0
Fencing	1003	Chain Link Fencing - Replace	40	10	$59,000	$71,000
	1008	Vinyl Fencing - Replace	30	6	$37,000	$44,000
Light Fixtures	1602	Exterior Light Fixtures - Replace	20	6	$6,000	$8,000
	1604	Pole Lights - Replace	20	10	$22,000	$27,000
Landscaping	1812	Landscaping & Irrigation System - Renov	20	10	$40,000	$60,000
Buildings / Structu	2301	Shed - Replace	20	12	$5,000	$6,000
	2307	Window Wells - 2026 - Repair/Replace	99	0	$30,000	$36,000

Significant Components

ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As $	As %
105	Roofs - Replace	40	30	$716,500	$17,913	54.3558%
120	Rain Gutters/Downspouts - Replace	30	20	$112,000	$3,733	11.3289%
201	Stucco Surfaces - Repair/Repaint	15	3	$30,500	$2,033	6.1702%
204	Front Doors - Repaint	10	3	$14,000	$1,400	4.2483%
403	Concrete - Partial Repair/Replace	10	9	$5,500	$550	1.6690%
1003	Chain Link Fencing - Replace	40	10	$65,000	$1,625	4.9311%
1008	Vinyl Fencing - Replace	30	6	$40,500	$1,350	4.0966%
1602	Exterior Light Fixtures - Replace	20	6	$7,000	$350	1.0621%
1604	Pole Lights - Replace	20	10	$24,500	$1,225	3.7173%
1812	Landscaping & Irrigation System - Renc	20	10	$50,000	$2,500	7.5863%
2301	Shed - Replace	20	12	$5,500	$275	0.8345%
2307	Window Wells - 2026 - Repair/Replace	99	0	$33,000	$0	0.0000%

Significant Components - Graph

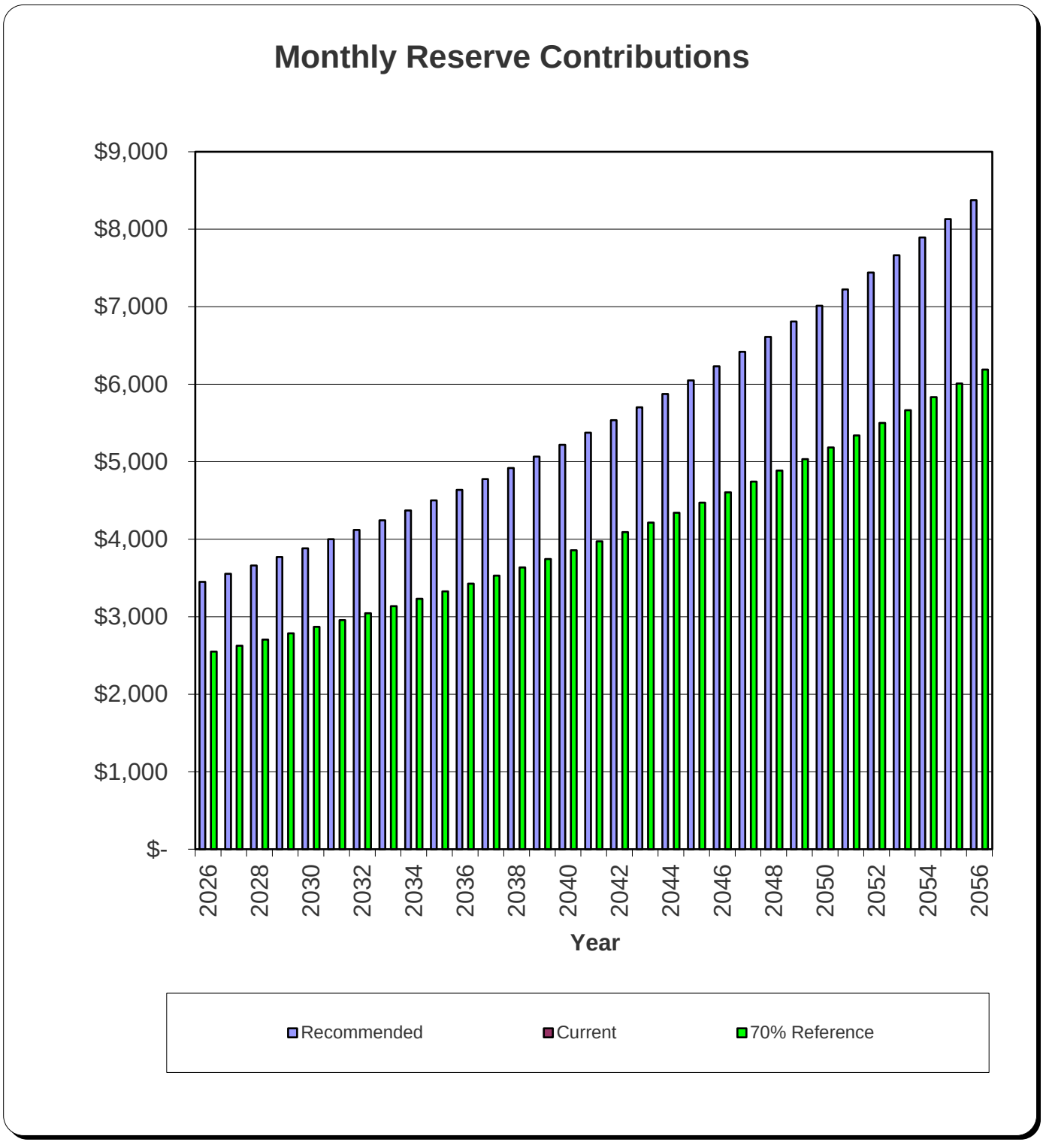


ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As $	As %
105	Roofs - Replace	40	30	$716,500	$17,913	54%
120	Rain Gutters/Downspouts - Replace	30	20	$112,000	$3,733	11%
1812	Landscaping & Irrigation System - Ren	20	10	$50,000	$2,500	8%
201	Stucco Surfaces - Repair/Repaint	15	3	$30,500	$2,033	6%
All Other	See Expanded Table For Breakdown				$6,775	21%

Yearly Summary

Year	Fully Funded Balance	Starting Reserve Balance	% Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2026	$409,708	$305,984	75%	$41,400	$12,798	$33,000	$327,182
2027	$426,049	$327,182	77%	$42,642	$14,379	$0	$384,204
2028	$478,734	$384,204	80%	$43,921	$16,758	$0	$444,883
2029	$534,953	$444,883	83%	$45,239	$18,257	$50,056	$458,322
2030	$542,844	$458,322	84%	$46,596	$19,872	$0	$524,790
2031	$604,651	$524,790	87%	$47,994	$22,643	$0	$595,427
2032	$670,535	$595,427	89%	$49,434	$24,347	$60,103	$609,106
2033	$678,215	$609,106	90%	$50,917	$26,182	$0	$686,205
2034	$750,443	$686,205	91%	$52,444	$29,395	$0	$768,044
2035	$827,365	$768,044	93%	$54,018	$32,643	$7,828	$846,876
2036	$901,099	$846,876	94%	$55,638	$31,830	$206,494	$727,851
2037	$773,120	$727,851	94%	$57,307	$31,214	$0	$816,371
2038	$856,806	$816,371	95%	$59,027	$34,720	$8,806	$901,312
2039	$936,791	$901,312	96%	$60,797	$37,962	$23,311	$976,760
2040	$1,007,085	$976,760	97%	$62,621	$41,593	$0	$1,080,975
2041	$1,106,717	$1,080,975	98%	$64,500	$45,932	$0	$1,191,406
2042	$1,212,709	$1,191,406	98%	$66,435	$50,528	$0	$1,308,370
2043	$1,325,408	$1,308,370	99%	$68,428	$55,395	$0	$1,432,193
2044	$1,445,184	$1,432,193	99%	$70,481	$59,272	$61,787	$1,500,158
2045	$1,508,162	$1,500,158	99%	$72,595	$63,156	$11,588	$1,624,321
2046	$1,628,644	$1,624,321	100%	$74,773	$63,500	$245,406	$1,517,188
2047	$1,513,662	$1,517,188	100%	$77,016	$64,189	$0	$1,658,393
2048	$1,652,307	$1,658,393	100%	$79,327	$70,062	$0	$1,807,782
2049	$1,799,622	$1,807,782	100%	$81,706	$75,563	$34,506	$1,930,546
2050	$1,920,193	$1,930,546	101%	$84,158	$81,391	$0	$2,096,095
2051	$2,084,851	$2,096,095	101%	$86,682	$88,274	$0	$2,271,051
2052	$2,259,609	$2,271,051	101%	$89,283	$95,146	$19,407	$2,436,072
2053	$2,424,829	$2,436,072	100%	$91,961	$102,410	$0	$2,630,444
2054	$2,620,642	$2,630,444	100%	$94,720	$110,487	$0	$2,835,651
2055	$2,828,240	$2,835,651	100%	$97,562	$118,659	$17,153	$3,034,719

Reserve Contributions - Graph



Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
105	Roofs - Replace	40	30	Approx 108,400 SF	$716,500	$179,125	$75,401	$1,875.28
120	Rain Gutters/Downspouts - Replace	30	20	Approx 8,260 LF	$112,000	$37,333	$37,333	$390.85
201	Stucco Surfaces - Repair/Repaint	15	3	Approx 17,000 SF	$30,500	$24,400	$24,400	$212.87
204	Front Doors - Repaint	10	3	(80) Doors	$14,000	$9,800	$9,800	$146.57
403	Concrete - Partial Repair/Replace	10	9	Extensive SF	$5,500	$550	$550	$57.58
1003	Chain Link Fencing - Replace	40	10	Approx 1,665 LF	$65,000	$48,750	$48,750	$170.12
1008	Vinyl Fencing - Replace	30	6	Approx 610 LF	$40,500	$32,400	$32,400	$141.33
1602	Exterior Light Fixtures - Replace	20	6	(40) Fixtures	$7,000	$4,900	$4,900	$36.64
1604	Pole Lights - Replace	20	10	(40) Pole Lights	$24,500	$12,250	$12,250	$128.25
1812	Landscaping & Irrigation System - Renovate	20	10	Extensive SF	$50,000	$25,000	$25,000	$261.73
2301	Shed - Replace	20	12	(1) Shed	$5,500	$2,200	$2,200	$28.79
2307	Window Wells - 2026 - Repair/Replace	99	0	(24) Window Wells	$33,000	$33,000	$33,000	$0.00
					$1,104,000	$409,708	$305,984	$3,450

Current Fund Balance as a percentage of Ideal Balance: 75%

Yearly Cash Flow

Year	2026	2027	2028	2029	2030
Starting Balance	$305,984	$327,182	$384,204	$444,883	$458,322
Reserve Income	$41,400	$42,642	$43,921	$45,239	$46,596
Interest Earnings	$12,798	$14,379	$16,758	$18,257	$19,872
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$360,182	$384,204	$444,883	$508,379	$524,790
Reserve Expenditures	$33,000	$0	$0	$50,056	$0
Ending Balance	$327,182	$384,204	$444,883	$458,322	$524,790

Year	2031	2032	2033	2034	2035
Starting Balance	$524,790	$595,427	$609,106	$686,205	$768,044
Reserve Income	$47,994	$49,434	$50,917	$52,444	$54,018
Interest Earnings	$22,643	$24,347	$26,182	$29,395	$32,643
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$595,427	$669,209	$686,205	$768,044	$854,705
Reserve Expenditures	$0	$60,103	$0	$0	$7,828
Ending Balance	$595,427	$609,106	$686,205	$768,044	$846,876

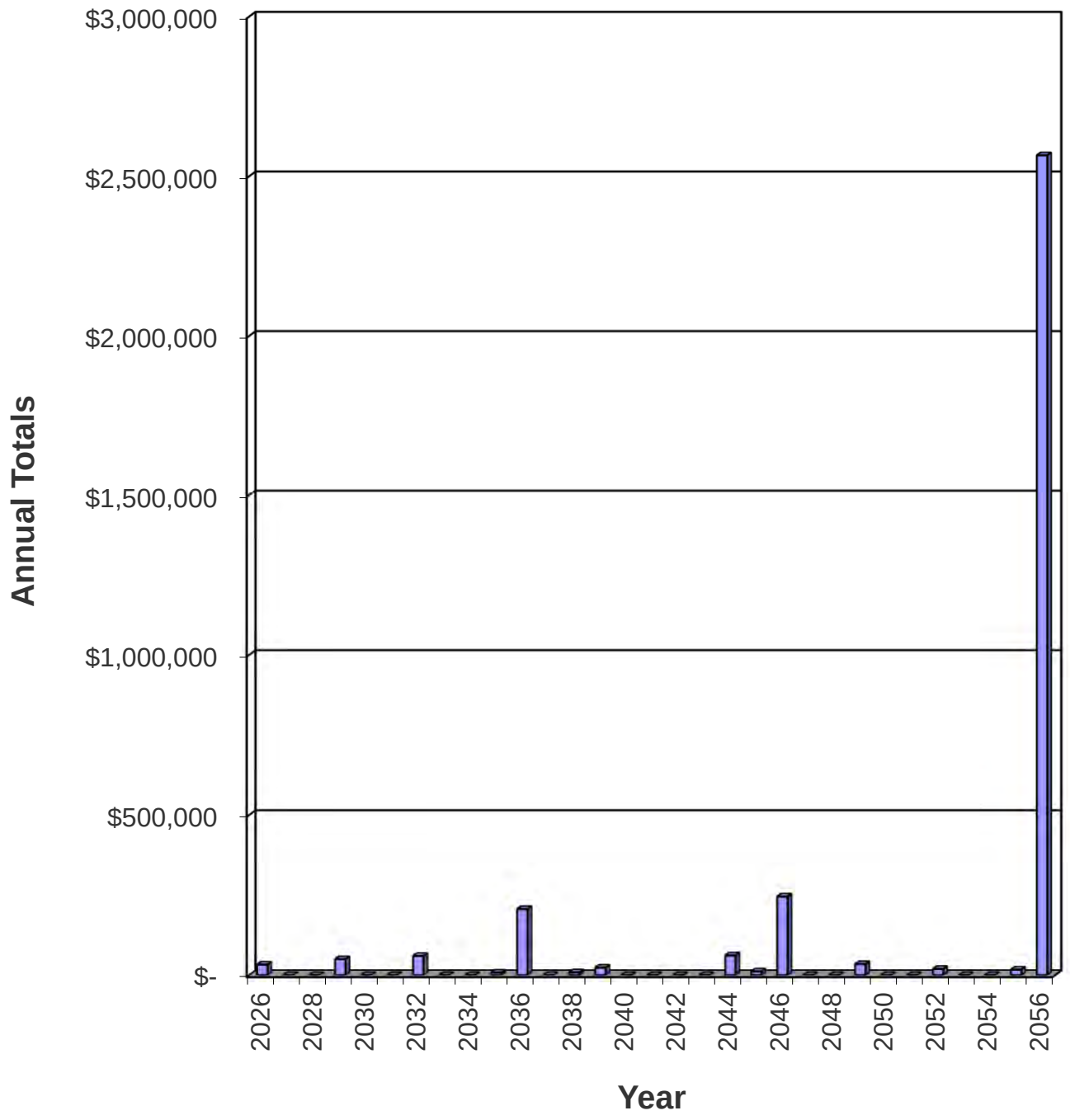
Year	2036	2037	2038	2039	2040
Starting Balance	$846,876	$727,851	$816,371	$901,312	$976,760
Reserve Income	$55,638	$57,307	$59,027	$60,797	$62,621
Interest Earnings	$31,830	$31,214	$34,720	$37,962	$41,593
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$934,345	$816,371	$910,118	$1,000,071	$1,080,975
Reserve Expenditures	$206,494	$0	$8,806	$23,311	$0
Ending Balance	$727,851	$816,371	$901,312	$976,760	$1,080,975

Year	2041	2042	2043	2044	2045
Starting Balance	$1,080,975	$1,191,406	$1,308,370	$1,432,193	$1,500,158
Reserve Income	$64,500	$66,435	$68,428	$70,481	$72,595
Interest Earnings	$45,932	$50,528	$55,395	$59,272	$63,156
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$1,191,406	$1,308,370	$1,432,193	$1,561,946	$1,635,909
Reserve Expenditures	$0	$0	$0	$61,787	$11,588
Ending Balance	$1,191,406	$1,308,370	$1,432,193	$1,500,158	$1,624,321

Year	2046	2047	2048	2049	2050
Starting Balance	$1,624,321	$1,517,188	$1,658,393	$1,807,782	$1,930,546
Reserve Income	$74,773	$77,016	$79,327	$81,706	$84,158
Interest Earnings	$63,500	$64,189	$70,062	$75,563	$81,391
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$1,762,594	$1,658,393	$1,807,782	$1,965,052	$2,096,095
Reserve Expenditures	$245,406	$0	$0	$34,506	$0
Ending Balance	$1,517,188	$1,658,393	$1,807,782	$1,930,546	$2,096,095

Year	2051	2052	2053	2054	2055
Starting Balance	$2,096,095	$2,271,051	$2,436,072	$2,630,444	$2,835,651
Reserve Income	$86,682	$89,283	$91,961	$94,720	$97,562
Interest Earnings	$88,274	$95,146	$102,410	$110,487	$118,659
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$2,271,051	$2,455,480	$2,630,444	$2,835,651	$3,051,872
Reserve Expenditures	$0	$19,407	$0	$0	$17,153
Ending Balance	$2,271,051	$2,436,072	$2,630,444	$2,835,651	$3,034,719

Yearly Reserve Expenditures - Graph



Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2026	2307	Window Wells - 2026 - Repair/Replace	$33,000	$33,000
2027		No Expenditures Projected		$0
2028		No Expenditures Projected		$0
2029	201	Stucco Surfaces - Repair/Repaint	$34,308	
	204	Front Doors - Repaint	$15,748	$50,056
2030		No Expenditures Projected		$0
2031		No Expenditures Projected		$0
2032	1008	Vinyl Fencing - Replace	$51,245	
	1602	Exterior Light Fixtures - Replace	$8,857	$60,103
2033		No Expenditures Projected		$0
2034		No Expenditures Projected		$0
2035	403	Concrete - Partial Repair/Replace	$7,828	$7,828
2036	1003	Chain Link Fencing - Replace	$96,216	
	1604	Pole Lights - Replace	$36,266	
	1812	Landscaping & Irrigation System - Renovate	$74,012	$206,494
2037		No Expenditures Projected		$0
2038	2301	Shed - Replace	$8,806	$8,806
2039	204	Front Doors - Repaint	$23,311	$23,311
2040		No Expenditures Projected		$0
2041		No Expenditures Projected		$0
2042		No Expenditures Projected		$0
2043		No Expenditures Projected		$0
2044	201	Stucco Surfaces - Repair/Repaint	$61,787	$61,787
2045	403	Concrete - Partial Repair/Replace	$11,588	$11,588
2046	120	Rain Gutters/Downspouts - Replace	$245,406	$245,406
2047		No Expenditures Projected		$0
2048		No Expenditures Projected		$0
2049	204	Front Doors - Repaint	$34,506	$34,506
2050		No Expenditures Projected		$0
2051		No Expenditures Projected		$0
2052	1602	Exterior Light Fixtures - Replace	$19,407	$19,407
2053		No Expenditures Projected		$0
2054		No Expenditures Projected		$0
2055	403	Concrete - Partial Repair/Replace	$17,153	$17,153
2056	105	Roofs - Replace	$2,323,894	
	1604	Pole Lights - Replace	$79,463	
	1812	Landscaping & Irrigation System - Renovate	$162,170	$2,565,527

Component Evaluation

Comp #: 105 Roofs - Replace

Location: **Building Roofs**

Quantity: **Approx 108,400 SF**

Life Expectancy: **40** *Remaining Life:* **30**

Best Cost: **$651,000**
Estimate to replace

Worst Cost: **$782,000**
Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

The roofs appear to be in good to fair condition. We recommend funding to replace this component approximately every 30 - 40 years. Remaining life based on current age.

Comp #: 120 Rain Gutters/Downspouts - Replace

Location: **Building Exterior**

Quantity: **Approx 8,260 LF**

Life Expectancy: **30** *Remaining Life:* **20**

Best Cost: **$100,000**
Estimate to replace

Worst Cost: **$124,000**
Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

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

Comp #: 201 Stucco Surfaces - Repair/Repaint

Location: **Building Exteriors**

Quantity: **Approx 17,000 SF**

Life Expectancy: **15** *Remaining Life:* **3**

Best Cost: **$26,000**
Estimate to repair/repaint

Worst Cost: **$35,000**
Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

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

Comp #: 204 Front Doors - Repaint

Location: **Unit Front Doors**

Quantity: **(80) Doors**

Life Expectancy: **10** *Remaining Life:* **3**

Best Cost: **$12,000**
Estimate to repaint

Worst Cost: **$16,000**
Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

The painted door surfaces are in good to fair condition. We recommend funding to repaint this component approximately every 6 - 8 years. Remaining life based on current age.

Comp #: 403 Concrete - Partial Repair/Replace

Location: **Common Area**

Quantity: **Extensive SF**

Life Expectancy: **10** *Remaining Life:* **9**

Best Cost: **$5,000**
Allowance to repair/replace

Worst Cost: **$6,000**
Higher allowance

Source of Information: CSL Cost Database

General Notes:

Observations:

The concrete is in good to fair 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.

Comp #: 803 Mailboxes - Replace

Location: **Common Area**

Quantity: **(8) Clusters**

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

Best Cost: **$0**

Worst Cost: **$0**

Source of Information:

General Notes:

Observations:

Typically these mailboxes are owned and maintained by the postal service. No reserve funding necessary.

Comp #: 1003 Chain Link Fencing - Replace

Location: **Community Perimeter**

Quantity: **Approx 1,665 LF**

Life Expectancy: **40** *Remaining Life:* **10**

Best Cost: **$59,000**
Estimate to replace

Worst Cost: **$71,000**
Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

The chain link fencing is in good to fair condition. We recommend funding to replace this component approximately every 30 - 40 years. Remaining life based on current age.

Comp #: 1008 Vinyl Fencing - Replace

Location: **Common Area**

Quantity: **Approx 610 LF**

Life Expectancy: **30** *Remaining Life:* **6**

Best Cost: **$37,000**

$60/Linear ft.; Estimate to replace

Worst Cost: **$44,000**

$72/Linear ft.; Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

The vinyl fencing is in fair condition. We recommend funding to replace this component approximately every 25 - 30 years. Remaining life based on current age and condition.

Comp #: 1602 Exterior Light Fixtures - Replace

Location: **Building Exteriors**

Quantity: **(40) Fixtures**

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

Best Cost: **$6,000**
Estimate to replace

Worst Cost: **$8,000**
Higher estimate

Source of Information: CSL Cost Database

General Notes:

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 and condition.

Comp #: 1604 Pole Lights - Replace

Location: **Common Area**

Quantity: **(40) Pole Lights**

Life Expectancy: **20** *Remaining Life:* **10**

Best Cost: **$22,000**
Estimate to replace

Worst Cost: **$27,000**
Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

The pole lights are in good to fair condition. We recommend funding to replace these pole light fixtures, poles and to refurbish the electrical approximately every 16 - 20 years. Remaining life based on current age.

Comp #: 1812 Landscaping & Irrigation System - Renovate

Location: **Common Area**

Quantity: **Extensive SF**

Life Expectancy: **20** *Remaining Life:* **10**

Best Cost: **$40,000**
Allowance to renovate

Worst Cost: **$60,000**
Higher allowance

Source of Information: CSL Cost Database

General Notes:

Observations:

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

Comp #: 2301 Shed - Replace

Location: **Common Area**

Quantity: **(1) Shed**

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

Best Cost: **$5,000**
Estimate to replace

Worst Cost: **$6,000**
Higher estimate

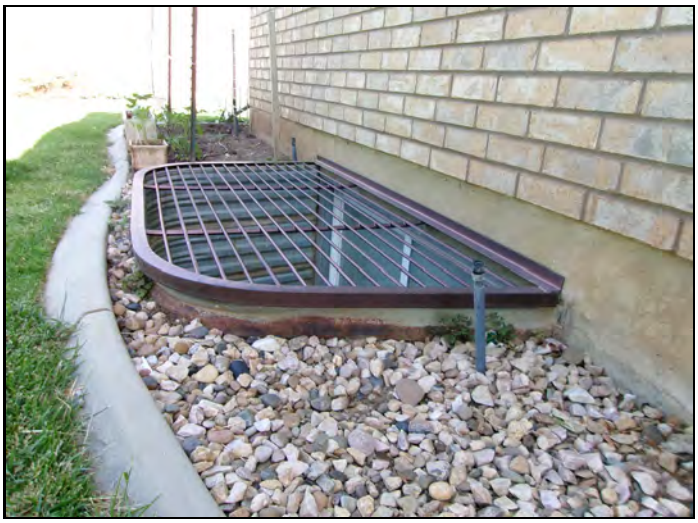
Source of Information: CSL Cost Database

General Notes:

Observations:

The shed is in fair condition. We recommend funding to replace this component approximately every 25 - 30 years. Remaining life is based on current age.

Comp #: 2307 Window Wells - 2026 - Repair/Replace



Location: **Common Area**

Quantity: **(24) Window Wells**

Life Expectancy: **99** *Remaining Life:* **0**

Best Cost: **$30,000**
Estimate to repair/replace

Worst Cost: **$36,000**
Higher estimate

Source of Information: Research with Client

General Notes:

Observations:

Research with the client reveals this component is going to be repaired/replaced in the next few years. This is a one-time project.

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.

FFB = Current Cost * Effective Age / 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.