

Sugar House Townhomes by Sego Homes

Level 1 Reserve Study

Report Period – 01/01/2015 – 12/31/2015

Client Reference Number	17832
Property Type	Townhouse
Number of Units	4
Fiscal Year End	12/31

Prepared By	Dale Gifford
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on – Wednesday, September 24, 2014



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Glossary of Commonly used Words and Phrases

<p>Executive Summary Sugar House Townhomes by Segó Homes ID # 17832</p>
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The community is not yet built and only plans for the community were available. The component type and quantity information were provided by the client. To the best of our knowledge, the conclusions and recommendations of this report are reliable and accurate.

This reserve analysis report spans a sixty year time period instead of the standard thirty year time period. This extension of the report period was a special request of the client.

Projected Starting Balance as of 01/01/2015	\$0
Ideal Reserve Balance as of 01/01/2015	\$0
Percent Funded as of 01/01/2015	0%
Recommended Reserve Contribution (per month)	\$320
Minimum Reserve Contribution (per month)	\$285
Recommended Special Assessment	\$0

Sugar House Townhomes by Segó Homes is a 4-unit Condominium community. Construction on the community was not started at the time of this report.

Currently Programmed Projects

There are no projects programmed to occur this fiscal year (FY2015). (See page 14)

Significant Reserve Projects

The association's significant reserve projects are flat roof replace, TPO (Comp# 104), stucco surfaces repair/repaint (Comp# 201), balcony decks resurface (Comp# 204), and wood fencing repaint/stain (Comp# 209). The fiscal significance of these components is approximately 23%, 18%, 13%, and 10% 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 \$0 versus the ideal reserve balance of \$0 we find the association's reserve fund to be approximately 0% funded. This indicates a weak reserve fund position. In order to strengthen the account fund, we suggest adopting a monthly reserve contribution of \$320 (\$80.00/unit) per month. We have also included a minimum reserve contribution of \$285 (\$71.25/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 an educated estimate of the necessary reserve balance and 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

Mr. Gifford has been working in the community association industry for the last 11 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.

- Reserve Specialist (RS) designation from Community Associations Institute (CAI), RS# 231
- Personally has prepared over 600 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, operating and reserves. The operating budget includes all expenses that occur on an annual basis. These would include management fees, maintenance expenses, utilities, etc. The reserves are 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 assessment.

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 assessment. 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 and long term 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.

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 assessment 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.

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 (for Reserve purposes less than 30 years), 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 as well as general repairs and maintenance.

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 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 Site Visit?

The Site Visit was conducted of the common areas as reported by client. From our site visit we identified those common area components that we have determined require reserve funding. Based on information provided by the client, client's vendors, and our assessment of the components we have developed a component list and life and cost estimates.

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. We have assumed any and all components have been properly built and will reach normal, typical life expectancies. In general 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.

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 generally 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 generally 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 generally 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.

Disclosures:

We will identify only those major components with a useful life of 30-years or less that generally meet industry standards for reserve funding.

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

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.

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 "Financial Update" study. Therefore we have not verified the current condition of the common area 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 interest 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	4
Fiscal Year End	31-Dec
Budgeted Monthly Reserve Allocation	\$0
Projected Starting Reserve Balance	\$0
Ideal Starting Reserve Balance	\$0

Economic Assumptions

Projected Inflation Rate	3.00%
Reported After-Tax Interest Rate	0.25%

Current Reserve Status

Current Balance as a % of Ideal Balance	0%
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Recommendations

Recommended Monthly Reserve Allocation	\$320
Per Unit	\$80.00
Future Annual Increases	3.00%
For number of years:	60
Increases thereafter:	0.00%
Minimum Recommended Monthly Reserve Allocation	\$285
Per Unit	\$71.25
Future Annual Increases	3.00%
For number of years:	60
Increases thereafter:	0.00%



Percent Funded - Graph



Component Inventory

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Roofing	104	Flat Roof - TPO - Replace	20	20	\$12,480	\$15,600
Painted Surfaces	201	Stucco Surfaces - Repair/Repaint	15	15	\$6,450	\$10,750
	202	Trellises - Repaint	3	3	\$450	\$550
	204	Front Doors - Repaint	6	6	\$200	\$300
	209	Wood Fencing - Repaint/Stain	3	3	\$800	\$1,000
	215	Cement Fiberboard Siding - Repair/Repai	8	8	\$1,019	\$1,223
Siding Materials	301	Cement Fiberboard Siding - Replace	40	40	\$4,075	\$4,890
	390	Brick Siding - Replace	N/A		\$0	\$0
Drive Materials	403	Concrete - Repair/Replace	10	10	\$2,000	\$2,500
Decking	604	Balcony Decks - Resurface	20	20	\$7,020	\$9,360
Fencing	1001	Wood Fencing - Replace	20	20	\$3,100	\$3,875
	1090	Metal Railing - Replace	25	25	\$2,400	\$3,600
Landscaping	1812	Irrigation System & Landscaping - Renov	20	20	\$2,000	\$3,000
Utility Systems	2001	Sewer System - Repair/Replace	N/A		\$0	\$0
	2002	Water System - Repair/Replace	N/A		\$0	\$0
	2003	Electrical System - Repair/Replace	N/A		\$0	\$0
	2004	Natural Gas System - Repair/Replace	N/A		\$0	\$0

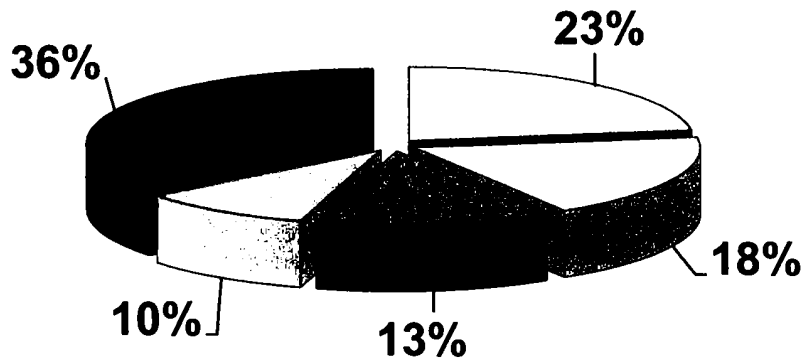
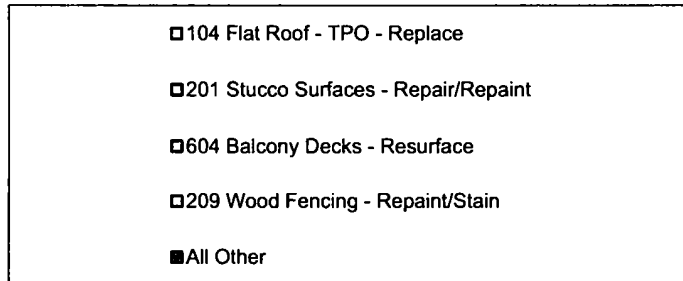


Significant Components

ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
104	Flat Roof - TPO - Replace	20	20	\$14,040	\$702	22.7208%
201	Stucco Surfaces - Repair/Repaint	15	15	\$8,600	\$573	18.5564%
202	Trellises - Repaint	3	3	\$500	\$167	5.3943%
204	Front Doors - Repaint	6	6	\$250	\$42	1.3486%
209	Wood Fencing - Repaint/Stain	3	3	\$900	\$300	9.7097%
215	Cement Fiberboard Siding - Repair/Rep	8	8	\$1,121	\$140	4.5337%
301	Cement Fiberboard Siding - Replace	40	40	\$4,483	\$112	3.6270%
403	Concrete - Repair/Replace	10	10	\$2,250	\$225	7.2823%
604	Balcony Decks - Resurface	20	20	\$8,190	\$410	13.2538%
1001	Wood Fencing - Replace	20	20	\$3,488	\$174	5.6438%
1090	Metal Railing - Replace	25	25	\$3,000	\$120	3.8839%
1812	Irrigation System & Landscaping - Rend	20	20	\$2,500	\$125	4.0457%



Significant Components - Graph



ID #	Component Name	Useful Life	Remaining Useful Life	Average Current	Significance:	
					As \$	As %
104	Flat Roof - TPO - Replace	20	20	\$14,040	\$702	23%
201	Stucco Surfaces - Repair/Repaint	15	15	\$8,600	\$573	18%
604	Balcony Decks - Resurface	20	20	\$8,190	\$410	13%
209	Wood Fencing - Repaint/Stain	3	3	\$900	\$300	10%
All Other	See Expanded Table For Breakdown				\$1,105	36%



Yearly Summary - 2015-2045

Year	Fully Funded Balance	Starting Reserve Balance	% Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2015	\$0	\$0	0%	\$3,840	\$5	\$0	\$3,845
2016	\$3,182	\$3,845	121%	\$3,955	\$15	\$0	\$7,815
2017	\$6,556	\$7,815	119%	\$4,074	\$25	\$0	\$11,913
2018	\$10,129	\$11,913	118%	\$4,196	\$33	\$1,530	\$14,612
2019	\$12,334	\$14,612	118%	\$4,322	\$42	\$0	\$18,976
2020	\$16,286	\$18,976	117%	\$4,452	\$53	\$0	\$23,481
2021	\$20,464	\$23,481	115%	\$4,585	\$62	\$1,970	\$26,158
2022	\$22,848	\$26,158	114%	\$4,723	\$71	\$0	\$30,952
2023	\$27,448	\$30,952	113%	\$4,864	\$82	\$1,420	\$34,479
2024	\$30,840	\$34,479	112%	\$5,010	\$90	\$1,827	\$37,753
2025	\$34,036	\$37,753	111%	\$5,161	\$97	\$3,024	\$39,987
2026	\$36,220	\$39,987	110%	\$5,315	\$107	\$0	\$45,409
2027	\$41,711	\$45,409	109%	\$5,475	\$118	\$2,353	\$48,649
2028	\$45,077	\$48,649	108%	\$5,639	\$129	\$0	\$54,417
2029	\$51,103	\$54,417	106%	\$5,808	\$143	\$0	\$60,369
2030	\$57,449	\$60,369	105%	\$5,983	\$139	\$15,580	\$50,911
2031	\$48,084	\$50,911	106%	\$6,162	\$133	\$1,798	\$55,407
2032	\$52,781	\$55,407	105%	\$6,347	\$147	\$0	\$61,901
2033	\$59,624	\$61,901	104%	\$6,537	\$160	\$2,809	\$65,789
2034	\$63,938	\$65,789	103%	\$6,733	\$173	\$0	\$72,695
2035	\$71,436	\$72,695	102%	\$6,935	\$122	\$55,028	\$24,725
2036	\$22,648	\$24,725	109%	\$7,144	\$68	\$2,604	\$29,332
2037	\$26,565	\$29,332	110%	\$7,358	\$83	\$0	\$36,772
2038	\$33,460	\$36,772	110%	\$7,579	\$102	\$0	\$44,452
2039	\$40,745	\$44,452	109%	\$7,806	\$114	\$5,632	\$46,740
2040	\$42,635	\$46,740	110%	\$8,040	\$119	\$6,281	\$48,618
2041	\$44,107	\$48,618	110%	\$8,281	\$132	\$0	\$57,031
2042	\$52,294	\$57,031	109%	\$8,530	\$150	\$3,110	\$62,601
2043	\$57,728	\$62,601	108%	\$8,786	\$168	\$0	\$71,554
2044	\$66,741	\$71,554	107%	\$9,049	\$190	\$0	\$80,794



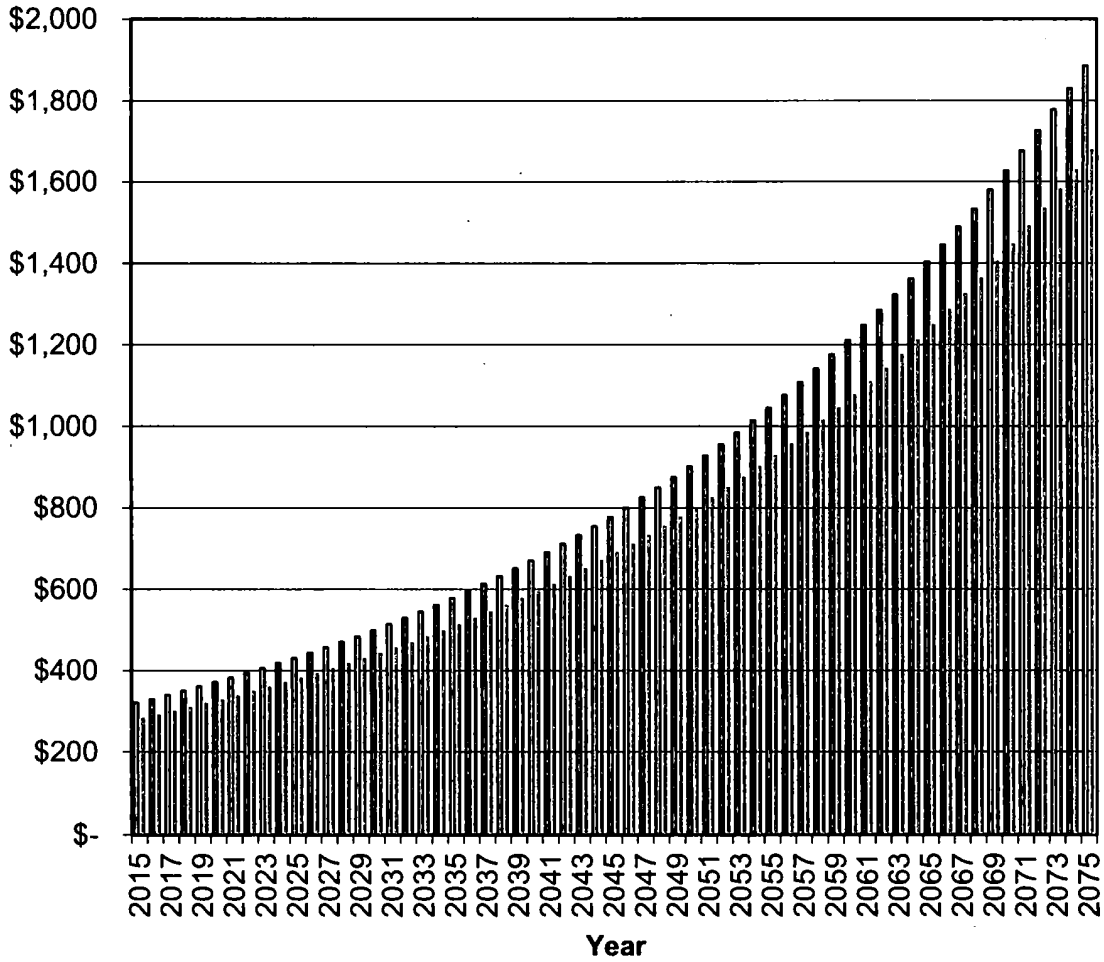
Yearly Summary - 2045-2075

Year	Fully Funded Balance	Starting Reserve Balance	% Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2045	\$76,243	\$80,794	106%	\$9,321	\$176	\$30,341	\$59,950
2046	\$55,004	\$59,950	109%	\$9,600	\$162	\$0	\$69,712
2047	\$64,610	\$69,712	108%	\$9,888	\$183	\$2,886	\$76,898
2048	\$71,771	\$76,898	107%	\$10,185	\$201	\$3,713	\$83,570
2049	\$78,540	\$83,570	106%	\$10,491	\$222	\$0	\$94,283
2050	\$89,590	\$94,283	105%	\$10,805	\$249	\$0	\$105,338
2051	\$101,233	\$105,338	104%	\$11,129	\$272	\$4,782	\$111,956
2052	\$108,567	\$111,956	103%	\$11,463	\$295	\$0	\$123,714
2053	\$121,325	\$123,714	102%	\$11,807	\$324	\$0	\$135,846
2054	\$134,749	\$135,846	101%	\$12,161	\$350	\$4,434	\$143,923
2055	\$144,304	\$143,923	100%	\$12,526	\$229	\$117,664	\$39,014
2056	\$37,820	\$39,014	103%	\$12,902	\$114	\$0	\$52,030
2057	\$49,647	\$52,030	105%	\$13,289	\$140	\$5,710	\$59,749
2058	\$56,268	\$59,749	106%	\$13,688	\$167	\$0	\$73,603
2059	\$69,300	\$73,603	106%	\$14,098	\$202	\$0	\$87,903
2060	\$83,063	\$87,903	106%	\$14,521	\$191	\$37,816	\$64,799
2061	\$58,639	\$64,799	111%	\$14,957	\$181	\$0	\$79,937
2062	\$72,794	\$79,937	110%	\$15,406	\$219	\$0	\$95,562
2063	\$87,745	\$95,562	109%	\$15,868	\$245	\$11,449	\$100,226
2064	\$91,735	\$100,226	109%	\$16,344	\$271	\$0	\$116,841
2065	\$108,032	\$116,841	108%	\$16,834	\$285	\$23,016	\$110,945
2066	\$101,518	\$110,945	109%	\$17,339	\$291	\$6,322	\$122,254
2067	\$112,422	\$122,254	109%	\$17,859	\$328	\$0	\$140,441
2068	\$130,596	\$140,441	108%	\$18,395	\$375	\$0	\$159,211
2069	\$149,759	\$159,211	106%	\$18,947	\$412	\$8,141	\$170,429
2070	\$161,568	\$170,429	105%	\$19,515	\$451	\$0	\$190,395
2071	\$182,588	\$190,395	104%	\$20,101	\$494	\$5,866	\$205,125
2072	\$198,682	\$205,125	103%	\$20,704	\$530	\$7,548	\$218,810
2073	\$214,026	\$218,810	102%	\$21,325	\$574	\$0	\$240,709
2074	\$238,120	\$240,709	101%	\$21,965	\$630	\$0	\$263,304



Reserve Contributions - Graph

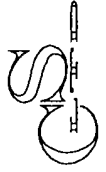
Monthly Reserve Contributions



Component Funding Information

ID	Component Name	EQ	RF	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
104	Flat Roof - TPO - Replace	20	20	Approx 3,120 Sq.ft.	\$14,040	\$0	\$0	\$72.71
201	Stucco Surfaces - Repair/Repaint	15	15	Approx 4,300 Sq.ft.	\$8,600	\$0	\$0	\$59.38
202	Trellises - Repaint	3	3	Approx 370 Sq.ft.	\$500	\$0	\$0	\$17.26
204	Front Doors - Repaint	6	6	(4) Doors	\$250	\$0	\$0	\$4.32
209	Wood Fencing - Repaint/Stain	3	3	Approx 155 Linear ft.	\$900	\$0	\$0	\$31.07
215	Cement Fiberboard Siding - Repair/Repaint	8	8	Approx 815 Sq.ft.	\$1,121	\$0	\$0	\$14.51
301	Cement Fiberboard Siding - Replace	40	40	Approx 815 Sq.ft.	\$4,483	\$0	\$0	\$11.61
403	Concrete - Repair/Replace	10	10	Approx 5,000 Sq.ft.	\$2,250	\$0	\$0	\$23.30
604	Balcony Decks - Resurface	20	20	Approx 585 Sq.ft.	\$8,190	\$0	\$0	\$42.41
1001	Wood Fencing - Replace	20	20	Approx 155 Linear ft.	\$3,488	\$0	\$0	\$18.06
1090	Metal Railing - Replace	25	25	Approx 120 Linear ft.	\$3,000	\$0	\$0	\$12.43
1812	Irrigation System & Landscaping - Renovate	20	20	(1) System	\$2,500	\$0	\$0	\$12.95
					\$49,321	\$0	\$0	\$320

Current Fund Balance as a percentage of Ideal Balance: 0%



Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2015		No Expenditures Projected		\$0
2016		No Expenditures Projected		\$0
2017	202	Trellises - Repaint	\$530	
	209	Wood Fencing - Repaint/Stain	\$955	\$1,485
2018		No Expenditures Projected		\$0
2019		No Expenditures Projected		\$0
2020	202	Trellises - Repaint	\$580	
	204	Front Doors - Repaint	\$290	
	209	Wood Fencing - Repaint/Stain	\$1,043	\$1,913
2021		No Expenditures Projected		\$0
2022	215	Cement Fiberboard Siding - Repair/Repair	\$1,378	\$1,378
2023	202	Trellises - Repaint	\$633	
	209	Wood Fencing - Repaint/Stain	\$1,140	\$1,773
2024	403	Concrete - Repair/Replace	\$2,936	\$2,936
2025		No Expenditures Projected		\$0
2026	202	Trellises - Repaint	\$692	
	204	Front Doors - Repaint	\$346	
	209	Wood Fencing - Repaint/Stain	\$1,246	\$2,284
2027		No Expenditures Projected		\$0
2028		No Expenditures Projected		\$0
2029	201	Stucco Surfaces - Repair/Repair	\$13,008	
	202	Trellises - Repaint	\$756	
	209	Wood Fencing - Repaint/Stain	\$1,361	\$15,126
2030	215	Cement Fiberboard Siding - Repair/Repair	\$1,746	\$1,746
2031		No Expenditures Projected		\$0
2032	202	Trellises - Repaint	\$826	
	204	Front Doors - Repaint	\$413	
	209	Wood Fencing - Repaint/Stain	\$1,488	\$2,727
2033		No Expenditures Projected		\$0
2034	104	Flat Roof - TPO - Replace	\$24,619	
	403	Concrete - Repair/Replace	\$3,945	
	604	Balcony Decks - Resurface	\$14,361	
	1001	Wood Fencing - Replace	\$6,115	
	1812	Irrigation System & Landscaping - Renova	\$4,384	\$53,425
2035	202	Trellises - Repaint	\$903	
	209	Wood Fencing - Repaint/Stain	\$1,626	\$2,529
2036		No Expenditures Projected		\$0
2037		No Expenditures Projected		\$0
2038	202	Trellises - Repaint	\$987	
	204	Front Doors - Repaint	\$493	
	209	Wood Fencing - Repaint/Stain	\$1,776	
	215	Cement Fiberboard Siding - Repair/Repair	\$2,212	\$5,468
2039	1090	Metal Railing - Replace	\$6,098	\$6,098

Year	Comp ID	Component Name	Projected Cost	Total Per Annum
2040		No Expenditures Projected		\$0
2041	202	Trellises - Repaint	\$1,078	
	209	Wood Fencing - Repaint/Stain	\$1,941	\$3,019
2042		No Expenditures Projected		\$0
2043		No Expenditures Projected		\$0
2044	201	Stucco Surfaces - Repair/Repaint	\$20,266	
	202	Trellises - Repaint	\$1,178	
	204	Front Doors - Repaint	\$589	
	209	Wood Fencing - Repaint/Stain	\$2,121	
	403	Concrete - Repair/Replace	\$5,302	\$29,457
2045		No Expenditures Projected		\$0
2046	215	Cement Fiberboard Siding - Repair/Repair	\$2,802	\$2,802
2047	202	Trellises - Repaint	\$1,288	
	209	Wood Fencing - Repaint/Stain	\$2,318	\$3,605
2048		No Expenditures Projected		\$0
2049		No Expenditures Projected		\$0
2050	202	Trellises - Repaint	\$1,407	
	204	Front Doors - Repaint	\$703	
	209	Wood Fencing - Repaint/Stain	\$2,532	\$4,643
2051		No Expenditures Projected		\$0
2052		No Expenditures Projected		\$0
2053	202	Trellises - Repaint	\$1,537	
	209	Wood Fencing - Repaint/Stain	\$2,767	\$4,305
2054	104	Flat Roof - TPO - Replace	\$44,465	
	215	Cement Fiberboard Siding - Repair/Repair	\$3,549	
	301	Cement Fiberboard Siding - Replace	\$14,196	
	403	Concrete - Repair/Replace	\$7,126	
	604	Balcony Decks - Resurface	\$25,938	
	1001	Wood Fencing - Replace	\$11,045	
	1812	Irrigation System & Landscaping - Renova	\$7,918	\$114,237
2055		No Expenditures Projected		\$0
2056	202	Trellises - Repaint	\$1,680	
	204	Front Doors - Repaint	\$840	
	209	Wood Fencing - Repaint/Stain	\$3,024	\$5,544
2057		No Expenditures Projected		\$0
2058		No Expenditures Projected		\$0
2059	201	Stucco Surfaces - Repair/Repaint	\$31,574	
	202	Trellises - Repaint	\$1,836	
	209	Wood Fencing - Repaint/Stain	\$3,304	\$36,715
2060		No Expenditures Projected		\$0
2061		No Expenditures Projected		\$0
2062	202	Trellises - Repaint	\$1,298	
	204	Front Doors - Repaint	\$811	
	209	Wood Fencing - Repaint/Stain	\$2,337	
	215	Cement Fiberboard Siding - Repair/Repair	\$3,819	\$8,266
2063		No Expenditures Projected		\$0
2064	403	Concrete - Repair/Replace	\$8,368	

Year	Comp ID	Component Name	Projected Cost	Total Per Annum
	1090	Metal Railing - Replace	\$11,901	\$20,269
2065	202	Trellises - Repaint	\$1,419	
	209	Wood Fencing - Repaint/Stain	\$2,554	\$3,972
2066		No Expenditures Projected		\$0
2067		No Expenditures Projected		\$0
2068	202	Trellises - Repaint	\$1,550	
	204	Front Doors - Repaint	\$969	
	209	Wood Fencing - Repaint/Stain	\$2,791	\$5,310
2069		No Expenditures Projected		\$0
2070	215	Cement Fiberboard Siding - Repair/Repair	\$4,838	\$4,838
2071	202	Trellises - Repaint	\$1,694	
	209	Wood Fencing - Repaint/Stain	\$3,049	\$4,743
2072		No Expenditures Projected		\$0
2073		No Expenditures Projected		\$0
2074	104	Flat Roof - TPO - Replace	\$74,071	
	201	Stucco Surfaces - Repair/Repaint	\$44,575	
	202	Trellises - Repaint	\$1,851	
	204	Front Doors - Repaint	\$1,157	
	209	Wood Fencing - Repaint/Stain	\$3,332	
	403	Concrete - Repair/Replace	\$11,246	
	604	Balcony Decks - Resurface	\$43,208	
	1001	Wood Fencing - Replace	\$18,399	
	1812	Irrigation System & Landscaping - Renova	\$13,189	\$211,029

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.

