

**Oak Meadows HOA
Road 13 and Oak Meadows Blvd
Firestone, CO 80504**



Level 1 Reserve Analysis

Report Period – 01/01/14 – 12/31/14



**Client Reference Number - 4045
Property Type – Single Family Homes
Number of Units – 327
Fiscal Year End – December 31**

**Final
Version**

**Date of Property Observation - September 3, 2013
Project Manager - Matthew Woytek
Main Contact Person - Mr. John Brady, Community Manager**

Report was prepared on - Monday, November 4, 2013

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Introduction to the Reserve Analysis –

The elected officials of this association made a wise decision to invest in a Reserve Analysis to get a better understanding of the status of the Reserve funds. This Analysis will be a valuable tool to assist the Board of Directors in making the decision to which the dues are derived. Typically, the Reserve contribution makes up 15% - 40% of the association's total budget. Therefore, Reserves is considered to be a significant part of the overall monthly association payment.

Every association conducts its 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 asphalt, roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

The Reserve Analysis is also broken down into two different parts, the Physical Analysis and the Financial Analysis. The Physical Analysis is information regarding the physical status and replacement cost of major common area components that 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/Valuation Estimates will most likely vary from year to year. You can find this information in the **Asset Inventory Section** (Section 2) of this Reserve Analysis. The **Financial Analysis Section** is the evaluation of the association's Reserve balance, income, and expenses. This is made up of a finding of the clients current Reserve Fund Status (measured as Percent Funded) and a recommendation for an appropriate Reserve Allocation rate (also known as the Funding Plan). You can find this information in Section 3 (pages 1 – 13) of this Reserve Analysis.

The purpose of this Reserve Analysis is to provide an educated estimate as to what the Reserve Allocation needs to be. 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 timing to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. This 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.

It is important for the client, homeowners, and potential future homeowners to understand that the information contained in this analysis is based on estimates and assumptions gathered from various sources. Estimated life expectancies and cycles are based upon conditions that were readily visible and accessible at time of the observation. No destructive or intrusive methods (such as entering the walls to inspect the condition of electrical wiring, plumbing lines, and telephone wires) were performed. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), construction defects, and acts of nature have not been investigated in the preparation of this report. If problem areas were revealed, a reasonable effort has been made to include these items within the report. While every effort has been made to ensure accurate results, this report reflects the judgment of Aspen Reserve Specialties and should not be construed as a guarantee or assurance of predicting future events.

General Information and Answers to 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 a 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.

Now that we have “it”, 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 Analysis very easy to read and understand. Please take the time to review it carefully and make sure the “main ingredients” (asset 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 significant 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 normal maintenance and replacement 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 to reveal the strength of the Reserve fund prior to purchasing a condominium or townhome.

How often do we update or review “it”?

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 Analysis 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. Aging 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 Analysis. Therefore, this analysis should be reviewed annually, and a property observation 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. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study is completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. This may not mean a Reserve Analysis is required, but how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think \$50,000 is a lot of money and they are in good shape. What they don't know is the roof will 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 makes an asset a “Reserve” item versus an “Operating” item?

A “Reserve” asset is an item that is the responsibility of the association to maintain, has a limited Useful Life, predictable Remaining Useful Life expectancies, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold cost. 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.

The GREY area 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.

The Property Observation –

The Property Observation 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 Aspen Reserve Specialties 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 observation. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the observation. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property.

The Reserve Fund Analysis –

We projected the starting balance from taking the most recent balance statement, adding expected Reserve contributions for the rest of the year, and subtracting any pending projects for the rest of the 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 – The majority of associations are considered to be in this “fair” financial position. 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 – This indicates financial strength of a Reserve fund and every attempt to maintain this level should be a goal of the association.

100% Funded – This is the ideal amount of Reserve funding. This means that the association has the exact amount of funds in the Reserve account that should be at any given time.

Summary of Oak Meadows Owners Assoc. -**Assoc. ID # - 04045-13**

Projected Starting Balance as of January 1, 2014 -	\$101,354
Ideal Reserve Balance as of January 1, 2014 -	\$212,253
Percent Funded as of January 1, 2014 -	48%
Recommended Reserve Allocation (per month) -	\$3,215
Minimum Reserve Allocation (per month) -	\$3,050
Recommended Special Assessment -	\$0

This report is an update to an existing Reserve Study that was prepared for the association 4 years ago for the 2009 fiscal period. An observation of the property's common area elements took place on September 3, 2013 to verify the information from this previous report. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representative. To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property is a single family home development containing 327 homes out of 383 proposed units at the end of build-out. Construction of the community is ongoing, started in 1999. The maintenance responsibilities of the master association include, common sidewalks, entrance monuments, fencing, an irrigation system and landscaping. Please refer to pages 11 and 12 of the Financial Analysis for a detailed listing of when projects are programmed to be addressed.

In comparing the projected balance of \$101,354 versus the ideal Reserve Balance of \$212,253, we find the association Reserve fund to be in a slightly below average financial position (approximately 48% funded of ideal) at this time. However, based on the information contained within this report, we find the current budgeted Reserve allocation to be less than adequate in increasing the strength of the Reserve fund for future Reserve project consideration. Therefore, we recommend increasing the Reserve contribution to \$3,215 per month starting in 2014, followed by nominal annual increases of 2.50% to 4.0% thereafter to help offset the effects of inflation. By following the recommendation, the plan will maintain the Reserve account in a positive manner, while gradually increasing to a fully funded position within the thirty-year period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$3,050 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where Special Assessments, deferred maintenance, and lower property values are possible at some point in the future.

The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period. This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (approximately \$0.50 per unit per month in this case) to the Reserve fund to only stay above a certain threshold. As you can see, the difference between the two scenarios is considered to be extremely minimal, and based on the risk, we strongly suggest the recommended Reserve Allocation is followed.

Comp #: 209 Wood Fencing - Restain



Observations:

Condition of fence stain varied from location to location. Overall, the stain was showing signs of thinning and some missing/bare wood was observed in some areas. Due to the observed conditions we recommend reserving to restain this fiscal year (2014) to maximize the useful life of the fence. It is generally recommended that wood fencing in this climate is stained every 3 - 4 years to protect the materials from the elements.

Location: See general notes

Quantity: Approx. 3,780 LF

Life Expectancy: 4 **Remaining Life:** 0

Best Cost: \$12,285

\$3.25/LF: Estimate to repaint fence

Worst Cost: \$14,175

\$3.75/LF; Higher estimate for more prep work

Source of Information: Cost database

General Notes:

- 3 rail -
 - Tract D - 30 LF, Tract G - 145 LF
 - Tract J - 60 LF, Tract P - 175 LF
 - Tract K - 60 LF, Tract L - 60 LF (assumed)
- Privacy -
 - Tract A - 305 LF, Tract B - 670 LF
 - Tract C - 40 LF, Tract D - 465 LF
 - Tract E - 560 LF, Tract G - 105 LF
 - Tract J - 365 LF, Tract K - 370 LF
 - Tract L - 370 LF (assumed)

Comp #: 601 Concrete Surfaces - Repair



Observations:

Installed sidewalks were in good condition with no visible damage or trip hazards. Sidewalk in Tract L has yet to be installed. Due to the overall good condition of sidewalk and since it is unlikely that all concrete surfaces will fail at the same time we suggest establishing a Reserve fund for major repairs and replacement to approximately 5% of area (710 GSF) every 4 years. We have reduced the percentage of concrete to be repaired/replaced due to the observed good conditions. The cost and/or frequency of this project can be adjusted upon updating this report if necessary.

Location: Common area sidewalks

Quantity: Approx. 14,110 GSF

Life Expectancy: 4 Remaining Life: 3

Best Cost: \$6,035

Allowance to repair 5% of sidewalks every 4 years

Worst Cost: \$6,575

Higher allowance for more repairs

Source of Information: Cost database

General Notes:

- Along Oak Meadows Blvd. - 7,920 GSF
- Pathway off Ulysses - 1,950 GSF
- Drain swale on Twilight - 400 GSF
- Tract J - 1,270 GSF
- Tract K - 1,290 GSF
- Tract L - 1,280 GSF (assumed)

Comp #: 801 Monuments - Rebuild



Observations:

Overall, monuments appeared in good condition with no observed problems with the cut-face CMU block or the logos and lettering. Monuments are built using "lifetime" materials and the cause for replacement is not likely going to be due to the failure of the materials. The usual reason for replacement is to keep the area up-to-date in terms of décor as well as to ensure an appropriate appearance to the community entrances. We have used the average age of all monuments to establish the remaining useful life as it is unlikely that (2) monuments would be updated while the other (2) monuments remain in original condition/style. Expect a useful life of approximately 15 - 20 years from these components.

Location: **Community entrances**

Quantity: **(4) Monuments**

Life Expectancy: **20** *Remaining Life:* **9**

Best Cost: **\$34,000**
\$8,500/monument; Estimate to re-build

Worst Cost: **\$38,000**
\$9,500/monument; Estimate for improvements

Source of Information: Cost database

General Notes:

Each monument has:
block - 120 GSF
(1) Spot light
"Oak Meadows" lettering and logo, along with
"covenant protected community" sign

Comp #: 803 Mailboxes - Replace (2000/02)



Observations:

Mailbox stations are rusting at the base where they are anchored into the concrete pad. We recommend painting the mailbox bases in order to maximize the useful life of the units. According to several manufacturers, the typical life expectancy for this type of mailbox is 15 - 20 years in this environment. Remaining life is based on average age of all units. While it is possible the US Post Office will maintain and replace these boxes in the future, in our experience, we have seen in numerous similar circumstances that the post office makes the association responsible for replacement. This line item is included as a conservative measure in case the post office decides the association is responsible for replacement.

Location: Adjacent to streets

Quantity: (25) CBU's

Life Expectancy: 18 Remaining Life: 4

Best Cost: \$41,250

\$1650/CBU; Estimate to replace

Worst Cost: \$47,500

\$1900/CBU; Higher estimate for better quality

Source of Information: Research with American Locker

General Notes:

- Ulysses - (2) 12 box CBU's - date: (2) 2002
- Twilight - (1) 8 box CBU - date: 2002
- (1) 13 box CBU - (no badge)
- Dover St. - (1) 13 box CBU - date: 2000
- Utica Ct. - (1) 13 box CBU - date: 2000
- Valley Vista - (2) 13 box CBU - date: (2) 2000
- Deerfield - (5) 16 box CBU - date: 2000, N/A, (3) 2002
- (1) 13 box CBU - date: 2000
- (7) 8 box CBU - date: 2002
- Daisy - (3) 16 box CBU - date: (3) 2000
- Viewpoint - (1) 16 box CBU - (no badge)
- (6) 8 box CBU
- (4) 12 box CBU
- (6) 13 box CBU
- (9) 16 box CBU

Comp #: 804 Mailboxes - Replace (2004/05)



Observations:

Mailboxes appeared to be aging as expected. According to several manufacturers, the typical life expectancy for this type of mailbox is 15 - 20 years in this environment. Remaining life is based on average age of all units. While it is possible the US Post Office will maintain and replace these boxes in the future, in our experience, we have seen in numerous similar circumstances that the post office makes the association responsible for replacement. This line item is included as a conservative measure in case the post office decides the association is responsible for replacement.

Location: Adjacent to streets

Quantity: (3) CBU's

Life Expectancy: 18 *Remaining Life:* 8

Best Cost: \$4,950
\$1650/CBU; Estimate to replace

Worst Cost: \$5,700
\$1900/CBU; Higher estimate for better quality

Source of Information: Cost Database

General Notes:

6303 Utica Ave. - (1) 16-box CBU - date: 2005
(1) 12-box CBU - date: 2005
6399 Union Ave. - (1) 13-box CBU - date: 2004

Comp #: 805 Mailboxes - Replace (2010)



Picture Unavailable

Observations:

This mailbox is relatively new and in good condition at time of observation. According to several manufacturers, the typical life expectancy for this type of mailbox is 15 - 20 years in this environment. Remaining life is based on average age of all units. While it is possible the US Post Office will maintain and replace these boxes in the future, in our experience, we have seen in numerous similar circumstances that the post office makes the association responsible for replacement. This line item is included as a conservative measure in case the post office decides the association is responsible for replacement.

Location: **Adjacent to streets**

Quantity: **(1) CBU**

Life Expectancy: **18** *Remaining Life:* **13**

Best Cost: **\$1,650**
\$1650/CBU; Estimate to replace

Worst Cost: **\$1,900**
\$1900/CBU; Higher estimate for better quality

Source of Information: Cost Database

General Notes:

6305 Union Ave. - (1) 8 box CBU - date: 2010

Comp #: 1001 Wood Fencing - Replace



Observations:

Once fencing is installed in these tracts the association will only be responsible for the assumed linear footage noted in the general notes. Upon update of this report, we will measure the new areas and include actual quantities in the new version of this report. It was reported that all other fencing will be the responsibility of the individual home owner.

Location: See General Notes

Quantity: Approx. 976 LF

Life Expectancy: N/A Remaining Life:

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

Tract L - 425 LF (btwn Union and Twilight)
 Tract M - 440 LF (off of Twilight)
 Tract O - 120 LF (cul-de-sac on Twilight)

NOTE: This line item includes privacy and rail fencing as it is assumed to be constructed in the future to match other areas of the community.

Comp #: 1001 Privacy Wood Fencing - Replace



Observations:

Community fencing appeared in fair condition throughout. The most overt issues with the fencing were the cross members of the fence and the bowed and broken slats along the bottom of the fence. The rails were bowed and checking in many areas throughout the neighborhood. We have provided an allowance for replacement as opposed to complete replacement since the age of the fences vary. This method of funding should allow the association to make needed repairs to newer fencing as well as completely replacing approximately 50% of the older fencing. Expect a useful life of approximately 12 years if properly maintained and frequently and regularly stained (see comp #209).

Location: Throughout community

Quantity: Approx. 2,516 LF

Life Expectancy: 12 *Remaining Life:* 1

Best Cost: \$42,775

Allowance to replace approx. 50% of fence

Worst Cost: \$47,804

Higher allowance for more needed replacement

Source of Information: Cost database

General Notes:

HOA responsibility
Tract A - 305 LF
Tract B - 670 LF
Tract C - 40 LF
Tract D - 465 LF
Tract E - 560 LF
Tract G - 105 LF
Tract J - 365 LF
Tract K - 370 LF
Tract L - 370 LF (assumed)

Comp #: 1005 Block Columns - Replace



Observations:

Cut-face CMU fence columns appeared in good condition with no overt signs of unusual conditions. With proper maintenance and care, these structures should have an extended useful life. At this time, there are no plans for future replacement. Reserve funding is not recommended for this component at this time.

Location: Along main roads

Quantity: (5) Columns

Life Expectancy: N/A *Remaining Life:*

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

<p>Along Oak Meadows Blvd. - (6) 2x2x6 = 288 GSF Along County Road 13 - (2) 2x2x6 = 96 GSF</p>

Comp #: 1009 Rail Fencing - Replace



Observations:

Majority of rail fencing appeared in fair condition with some signs of repairs and only a very thin coat of stain apparent from the last restaining project. These fences appear to be construction grade materials and therefore the useful life of the fence will be shorter than what is typical. We have provided an allowance to replace approximately 50% of the rail fencing as the age of the fences varies. Expect to perform repairs to newer fence and replace approximately 1/2 of the rail fencing on the property every 5 - 10 years if properly maintained and frequently and regularly stained (see comp #209)

Location: See general notes

Quantity: Approx. 530 LF

Life Expectancy: 9 *Remaining Life:* 1

Best Cost: \$3,710

Allowance to replace approx. 50% fence

Worst Cost: \$4,505

Higher allowance for more needed replacement

Source of Information: Cost database

General Notes:

HOA responsibility
Tract D - 30 LF
Tract G - 145 LF
Tract J - 60 LF
Tract P - 175 LF
Tract K - 60 LF
Tract L - 60 LF (assumed)

Comp #: 1701 Irrigation System - Rebuild



Observations:

We suggest the association continue to fund this component to maintain or improve the system as technology continues to improve in water management. Through better water management, the association may quickly realize a significant cost savings.

Location: Common area landscaping

Quantity: Moderate sized system

Life Expectancy: 10 *Remaining Life:* 7

Best Cost: \$20,000

Allowance for major repairs

Worst Cost: \$25,000

Higher allowance for more labor

Source of Information: Research with contractor

General Notes:

Comp #: 1703 Irrigation Timeclocks - Replace



Observations:

Under normal conditions (not including Acts of God, vandalism, etc.) these clocks should last 10 - 12 years with proper maintenance. Due to advances in technology and water efficiency, we suggest reserving to replace all clocks at the same time. A lot of communities are upgrading to ET type controllers and the costs reflect this. Remaining useful life based on average age of all clocks.

Location: Landscaped areas

Quantity: (4) Assorted clocks

Life Expectancy: 12 Remaining Life: 7

Best Cost: \$8,800
\$2,200/clock; Estimate to replace

Worst Cost: \$10,000
\$2,500/Clock; Higher estimate for larger clock

Source of Information: Cost database

General Notes:

- Along Oak Meadows Blvd. -
- (1) Rainbird (no access)
- (2) Hunter (no access)
- (1) Rainbird (no access, likely a 40 - 48 station)

Comp #: 1706 Backflow Devices - Replace



Observations:

There were no unusual conditions observed or reported with devices at time of observation. It is difficult to predict a life expectancy for backflow preventers. Often, the device can be rebuilt as opposed to being completely replaced. Treat any repairs as needed as a general maintenance expense. No separate Reserve funding is required for this asset.

Location: Landscaped areas

Quantity: (4) Observed units

Life Expectancy: N/A Remaining Life:

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

<p>Along Oak Meadows Blvd. - (3) devices Utica Ave. Breezeway (tract K) - (1) device</p>

Comp #: 1801 Landscaping - Refurbish



Observations:

This allowance is for landscaping repairs, replanting, and or redesign. This is meant to cover the costs associated with landscaping projects that lie outside the scope of routine maintenance. It was reported that the association typically spends \$2,000 - \$3,000 annually on "extra" landscaping expenses. This reserve allowance is meant to take the place of annual operating expenses so the association can plan for these projects. Once the new areas of landscaping are completed, it will be necessary to increase the amount of funding on this line item to cover the cost of the future projects in tracts A, B, T and D.

Location: **Throughout community**

General Notes:

Quantity: **Extensive**

Life Expectancy: **3** *Remaining Life:* **2**

Best Cost: **\$14,000**

Allowance for major refurbishment projects

Worst Cost: **\$16,000**

Higher allowance for more refurbishment needs

Source of Information: Past client cost

Comp #: 1803 Ditch - Dredging



Observations:

The ditch appeared in good condition at time of observation with no outstanding issues at time of observation. It was reported that the association was forced to fund for the dredging of the ditch within the past couple of years. This ditch is actually installed to the North of the property and outside the perimeter of Oak Meadows. However, due to zoning and local jurisdiction, the responsibility is Oak Meadow's. Reserve to dredge ditch every 10 years.

Location: North of community perimeter

Quantity: Approx. 6,465 LF

Life Expectancy: 10 *Remaining Life:* 8

Best Cost: \$19,000

Estimate to dredge/maintain drainage ditch

Worst Cost: \$21,000

Higher estimate for more labor/repairs

Source of Information: Past client cost

General Notes:

<p>3,169 LF on Lohman property 3,293 LF on Varra Company property</p>

Comp #: 1806 Tract A Landscaping - Refurbish



Observations:

Tract A was observed to be derelict in terms of landscaping. The area was mostly native grasses and weeds at time of observation. This line item was added at the behest of the BOD. The original construction of the space is going to be completed in 2014. The "99" year useful life is to show this line item as a "one-time" occurrence. Once the new landscaping is installed, it will be necessary to reserve an allowance for future refurbishment, however, until such a time as this project is completed, this is the only funded line item for this landscaping.

Location: **Along County Road 13**

Quantity: **Approx. 5,600 GSF**

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

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

Estimate to refurbish Tract A landscaping

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

Higher allowance for landscaping/irrigation

Source of Information: Estimates received by client

General Notes:

Comp #: 1807 Tract T/D Landscaping - Refurbish



Observations:

Tract T and D were observed to be derelict in terms of landscaping. The areas were mostly native grasses and weeds at time of observation. This line item was added at the behest of the BOD. The original construction of the space is going to be completed in 2016. The "99" year useful life is to show this line item as a "one-time" occurrence. Once the new landscaping is installed, it will be necessary to reserve an allowance for future refurbishment, however, until such a time as this project is completed, this is the only funded line item for this landscaping.

Location: Retention area/cul-de-sac on Twilight

General Notes:

Quantity: Approx. 32,340 GSF

Life Expectancy: 99 *Remaining Life:* 2

Best Cost: \$20,000

Estimate to refurbish Tract A landscaping

Worst Cost: \$30,000

Higher allowance for landscaping/irrigation

Source of Information: Estimates received by client

Comp #: 1808 Tract B Landscaping - Refurbish



Observations:

Tract B was observed to be derelict in terms of landscaping. The area was mostly native grasses and weeds at time of observation. This line item was added at the behest of the BOD. The original construction of the space is going to be completed in 2018. The "99" year useful life is to show this line item as a "one-time" occurrence. Once the new landscaping is installed, it will be necessary to reserve an allowance for future refurbishment, however, until such a time as this project is completed, this is the only funded line item for this landscaping.

Location: **Along County Road 13**

General Notes:

Quantity: **Approx. 12,000 GSF**

Life Expectancy: **99** *Remaining Life:* **4**

Best Cost: **\$30,000**

Estimate to refurbish Tract A landscaping

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

Higher allowance for landscaping/irrigation

Source of Information: Estimates received by client

Empty rectangular box for general notes.

Comp #: 2001 BOD Computers/Printers - Replace



Observations:

At time of observation we were unable to observe the computers or printers as they do not reside in common areas. The association had purchased laptops and printers for the BOD in order to aid them in doing their jobs. Since these are now an asset to the community, it is necessary to reserve for future replacement. Therefore, we recommend reserving to replace computers and printers every 2 - 3 years to keep up with new technology and to ensure proper function of the machines.

Location: **Community BOD**

Quantity: **(4) printers, (2) laptops**

Life Expectancy: **3** *Remaining Life:* **2**

Best Cost: **\$4,000**
 Estimate to replace computer and printers

Worst Cost: **\$6,000**
 Higher estimate for more needed hardware

Source of Information: Past client cost

General Notes:

Funding Summary For Oak Meadows Owners Assoc.

Beginning Assumptions

Financial Information Source	Research With Client
# of units	327
Fiscal Year End	December 31, 2014
Monthly Dues from 2013 budget	\$4,902.50
Monthly Reserve Allocation from 2013 Budget	\$333.33
Projected Starting Reserve Balance (as of 1/1/2014)	\$101,354
Ideal Starting Reserve Balance (as of 1/1/2014)	\$212,253

Economic Factors

Past 20 year Average Inflation Rate (Based on CCI)	4.00%
Current Average Interest Rate	1.00%

Current Reserve Status

Current Balance as a % of Ideal Balance	48%
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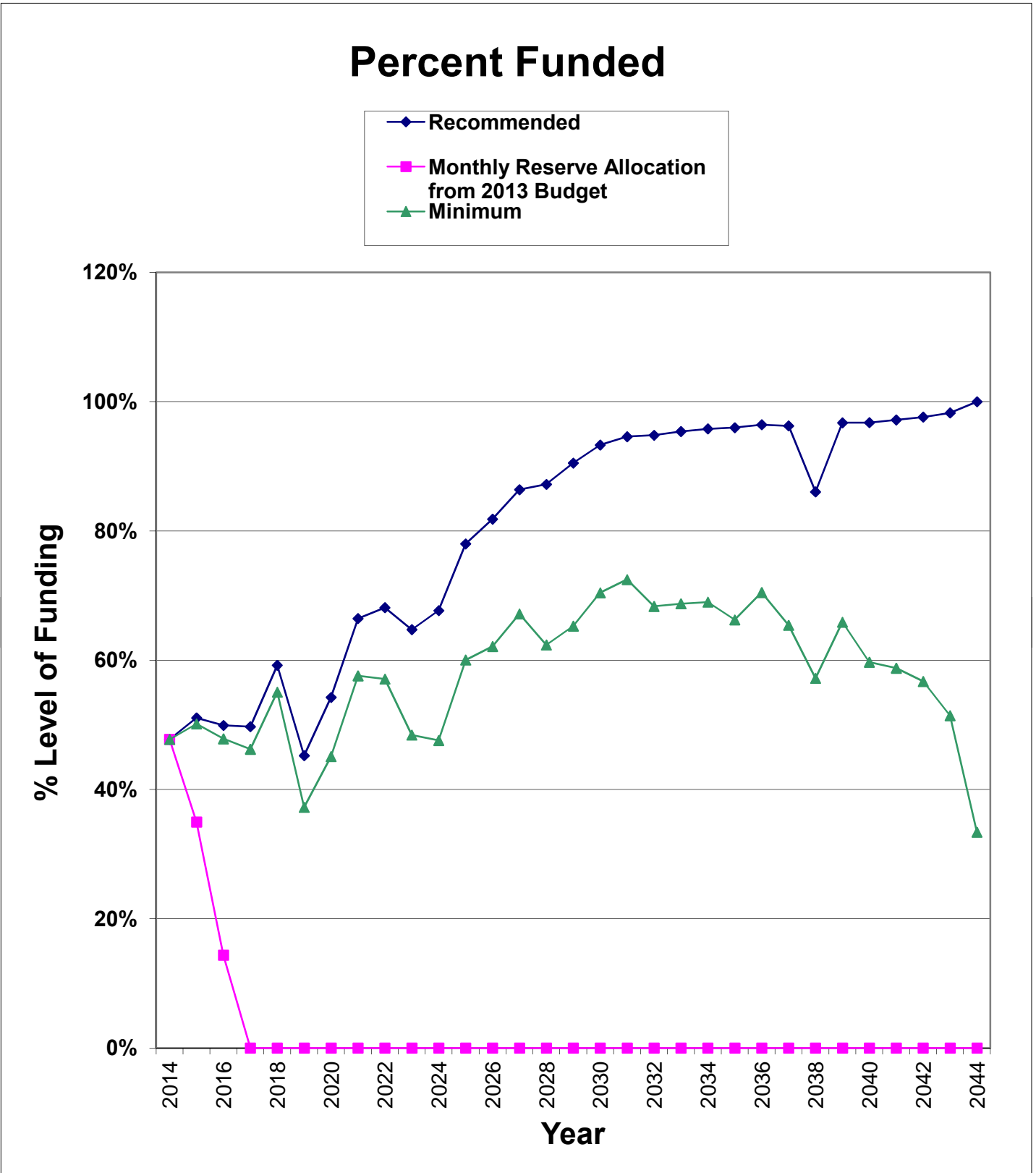
Recommendations for 2014 Fiscal Year

Monthly Reserve Allocation	\$3,215
Per Unit	\$9.83
Minimum Monthly Reserve Allocation	\$3,050
Per Unit	\$9.33
Primary Annual Increases	2.50%
# of Years	18
Secondary Annual Increases	4.00%
# of Years	12
Special Assessment	\$0
Per Unit	\$0

Changes From Prior Year (2013 to 2014)

Increase/Decrease to Reserve Allocation	\$2,882
as Percentage	865%
Per Unit	\$8.81

Percent Funded Graph For Oak Meadows Owners Assoc.



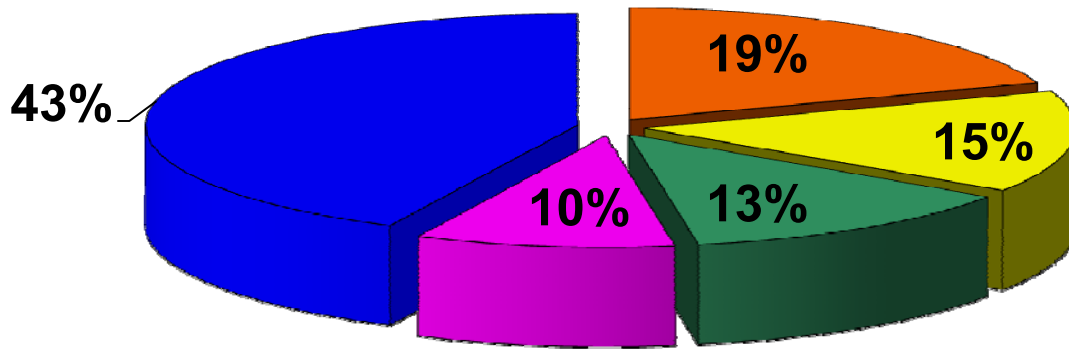
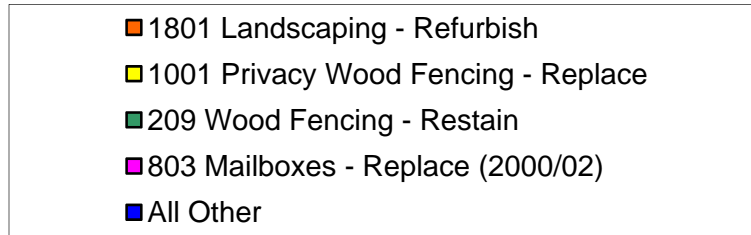
Component Inventory for Oak Meadows HOA

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Painted Surfaces	209	Wood Fencing - Restain	4	0	\$12,285	\$14,175
Decking	601	Concrete Surfaces - Repair	4	3	\$6,035	\$6,575
Prop. Identification	801	Monuments - Rebuild	20	9	\$34,000	\$38,000
	803	Mailboxes - Replace (2000/02)	18	4	\$41,250	\$47,500
	804	Mailboxes - Replace (2004/05)	18	8	\$4,950	\$5,700
	805	Mailboxes - Replace (2010)	18	13	\$1,650	\$1,900
Fencing/Walls	1001	Wood Fencing - Replace	N/A		\$0	\$0
	1001	Privacy Wood Fencing - Replace	12	1	\$42,775	\$47,804
	1005	Block Columns - Replace	N/A		\$0	\$0
	1009	Rail Fencing - Replace	9	1	\$3,710	\$4,505
Irrig. System	1701	Irrigation System - Rebuild	10	7	\$20,000	\$25,000
	1703	Irrigation Timeclocks - Replace	12	7	\$8,800	\$10,000
	1706	Backflow Devices - Replace	N/A		\$0	\$0
Landscaping	1801	Landscaping - Refurbish	3	2	\$14,000	\$16,000
	1803	Ditch - Dredging	10	8	\$19,000	\$21,000
	1806	Tract A Landscaping - Refurbish	99	0	\$15,000	\$20,000
	1807	Tract T/D Landscaping - Refurbish	99	2	\$20,000	\$30,000
	1808	Tract B Landscaping - Refurbish	99	4	\$30,000	\$35,000
Miscellaneous	2001	BOD Computers/Printers - Replace	3	2	\$4,000	\$6,000

Significant Components For Oak Meadows Owners Assoc.

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
209	Wood Fencing - Restain	4	0	\$13,230	\$3,308	12.9838%
601	Concrete Surfaces - Repair	4	3	\$6,305	\$1,576	6.1877%
801	Monuments - Rebuild	20	9	\$36,000	\$1,800	7.0660%
803	Mailboxes - Replace (2000/02)	18	4	\$44,375	\$2,465	9.6776%
804	Mailboxes - Replace (2004/05)	18	8	\$5,325	\$296	1.1613%
805	Mailboxes - Replace (2010)	18	13	\$1,775	\$99	0.3871%
1001	Privacy Wood Fencing - Replace	12	1	\$45,290	\$3,774	14.8156%
1009	Rail Fencing - Replace	9	1	\$4,108	\$456	1.7916%
1701	Irrigation System - Rebuild	10	7	\$22,500	\$2,250	8.8325%
1703	Irrigation Timeclocks - Replace	12	7	\$9,400	\$783	3.0750%
1801	Landscaping - Refurbish	3	2	\$15,000	\$5,000	19.6279%
1803	Ditch - Dredging	10	8	\$20,000	\$2,000	7.8511%
1806	Tract A Landscaping - Refurbish	99	0	\$17,500	\$0	0.0000%
1807	Tract T/D Landscaping - Refurbish	99	2	\$25,000	\$0	0.0000%
1808	Tract B Landscaping - Refurbish	99	4	\$32,500	\$0	0.0000%
2001	BOD Computers/Printers - Replace	3	2	\$5,000	\$1,667	6.5426%

Significant Components Graph For Oak Meadows Owners Assoc.



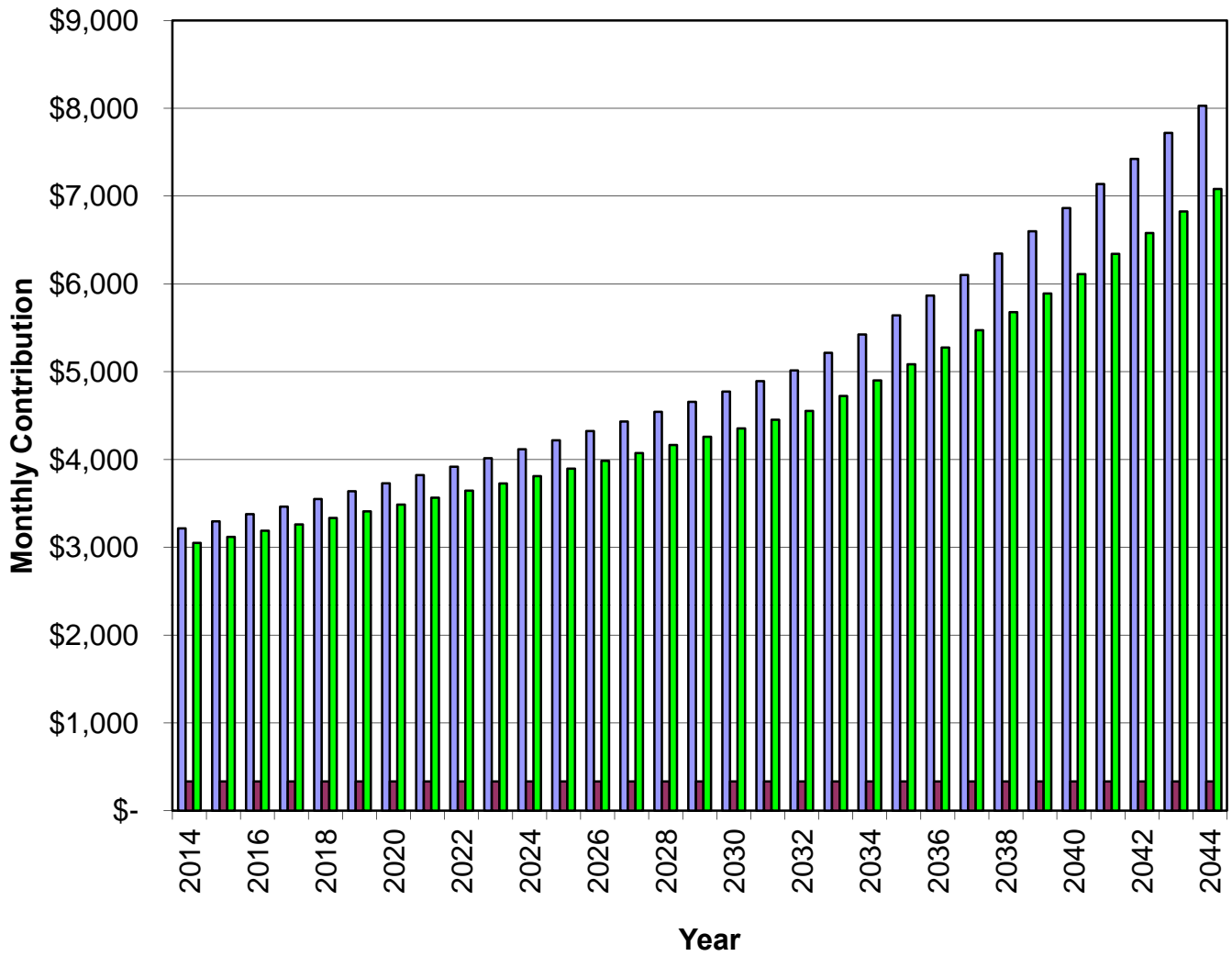
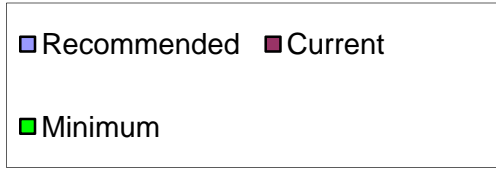
Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
1801	Landscaping - Refurbish	3	2	\$15,000	\$5,000	20%
1001	Privacy Wood Fencing - Replace	12	1	\$45,290	\$3,774	15%
209	Wood Fencing - Restain	4	0	\$13,230	\$3,308	13%
803	Mailboxes - Replace (2000/02)	18	4	\$44,375	\$2,465	10%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$10,927	43%

Yearly Summary For Oak Meadows Owners Assoc.

Fiscal Year	Fully Funded Start Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2014	\$212,253	\$101,354	48%	\$38,580	\$0	\$1,058	\$30,730
2015	\$215,881	\$110,262	51%	\$39,545	\$0	\$1,048	\$51,373
2016	\$199,269	\$99,482	50%	\$40,533	\$0	\$959	\$48,672
2017	\$185,645	\$92,301	50%	\$41,546	\$0	\$1,100	\$7,092
2018	\$215,880	\$127,856	59%	\$42,585	\$0	\$969	\$105,410
2019	\$145,882	\$65,999	45%	\$43,650	\$0	\$760	\$24,333
2020	\$158,644	\$86,076	54%	\$44,741	\$0	\$1,089	\$0
2021	\$198,511	\$131,907	66%	\$45,859	\$0	\$1,303	\$50,275
2022	\$189,028	\$128,794	68%	\$47,006	\$0	\$1,127	\$80,137
2023	\$149,505	\$96,791	65%	\$48,181	\$0	\$957	\$51,239
2024	\$139,904	\$94,690	68%	\$49,386	\$0	\$1,169	\$6,080
2025	\$178,393	\$139,164	78%	\$50,620	\$0	\$1,449	\$40,495
2026	\$184,198	\$150,738	82%	\$51,886	\$0	\$1,669	\$21,182
2027	\$211,953	\$183,111	86%	\$53,183	\$0	\$1,713	\$78,366
2028	\$183,044	\$159,641	87%	\$54,513	\$0	\$1,704	\$34,634
2029	\$200,224	\$181,223	91%	\$55,875	\$0	\$2,044	\$11,355
2030	\$244,136	\$227,788	93%	\$57,272	\$0	\$2,452	\$24,780
2031	\$277,751	\$262,732	95%	\$58,704	\$0	\$2,518	\$82,786
2032	\$254,370	\$241,169	95%	\$60,172	\$0	\$2,522	\$40,516
2033	\$276,077	\$263,346	95%	\$62,578	\$0	\$2,750	\$41,742
2034	\$299,526	\$286,932	96%	\$65,082	\$0	\$2,844	\$72,811
2035	\$293,832	\$282,047	96%	\$67,685	\$0	\$3,173	\$0
2036	\$365,957	\$352,905	96%	\$70,392	\$0	\$3,371	\$105,165
2037	\$334,010	\$321,503	96%	\$73,208	\$0	\$3,272	\$64,834
2038	\$387,185	\$333,148	86%	\$76,136	\$0	\$3,559	\$33,913
2039	\$391,690	\$378,931	97%	\$79,182	\$0	\$3,598	\$120,734
2040	\$352,420	\$340,976	97%	\$82,349	\$0	\$3,486	\$70,213
2041	\$366,946	\$356,599	97%	\$85,643	\$0	\$3,595	\$83,055
2042	\$371,635	\$362,782	98%	\$89,069	\$0	\$3,529	\$111,964
2043	\$349,502	\$343,416	98%	\$92,631	\$0	\$3,038	\$174,644

Reserve Contributions For Oak Meadows Owners Assoc.

Reserve Contributions



Component Funding Information For Oak Meadows Owners Assoc.

ID	Component Name	Ave Current Cost	Future Cost	Ideal Balance	Current Fund Balance	Monthly
209	Wood Fencing - Restain	\$13,230	\$15,477	\$13,230	\$13,230	\$417.43
601	Concrete Surfaces - Repair	\$6,305	\$7,092	\$1,576	\$0	\$198.93
801	Monuments - Rebuild	\$36,000	\$51,239	\$19,800	\$0	\$227.17
803	Mailboxes - Replace (2000/02)	\$44,375	\$51,912	\$34,514	\$0	\$311.14
804	Mailboxes - Replace (2004/05)	\$5,325	\$7,288	\$2,958	\$0	\$37.34
805	Mailboxes - Replace (2010)	\$1,775	\$2,956	\$493	\$0	\$12.45
1001	Privacy Wood Fencing - Replace	\$45,290	\$47,101	\$41,515	\$41,515	\$476.32
1009	Rail Fencing - Replace	\$4,108	\$4,272	\$3,651	\$3,651	\$57.60
1701	Irrigation System - Rebuild	\$22,500	\$29,608	\$6,750	\$0	\$283.97
1703	Irrigation Timeclocks - Replace	\$9,400	\$12,370	\$3,917	\$0	\$98.86
1801	Landscaping - Refurbish	\$15,000	\$16,224	\$5,000	\$5,000	\$631.04
1803	Ditch - Dredging	\$20,000	\$27,371	\$4,000	\$0	\$252.41
1806	Tract A Landscaping - Refurbish	\$17,500	\$0	\$17,500	\$17,500	\$0.00
1807	Tract T/D Landscaping - Refurbish	\$25,000	\$0	\$24,495	\$20,458	\$0.00
1808	Tract B Landscaping - Refurbish	\$32,500	\$0	\$31,187	\$0	\$0.00
2001	BOD Computers/Printers - Replace	\$5,000	\$5,408	\$1,667	\$0	\$210.35

Yearly Cash Flow For Oak Meadows Owners Assoc.

Year	2014	2015	2016	2017	2018
Starting Balance	\$101,354	\$110,262	\$99,482	\$92,301	\$127,856
<i>Reserve Income</i>	\$38,580	\$39,545	\$40,533	\$41,546	\$42,585
<i>Interest Earnings</i>	\$1,058	\$1,048	\$959	\$1,100	\$969
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$140,992	\$150,854	\$140,973	\$134,948	\$171,410
Reserve Expenditures	\$30,730	\$51,373	\$48,672	\$7,092	\$105,410
Ending Balance	\$110,262	\$99,482	\$92,301	\$127,856	\$65,999

Year	2019	2020	2021	2022	2023
Starting Balance	\$65,999	\$86,076	\$131,907	\$128,794	\$96,791
<i>Reserve Income</i>	\$43,650	\$44,741	\$45,859	\$47,006	\$48,181
<i>Interest Earnings</i>	\$760	\$1,089	\$1,303	\$1,127	\$957
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$110,409	\$131,907	\$179,069	\$176,927	\$145,929
Reserve Expenditures	\$24,333	\$0	\$50,275	\$80,137	\$51,239
Ending Balance	\$86,076	\$131,907	\$128,794	\$96,791	\$94,690

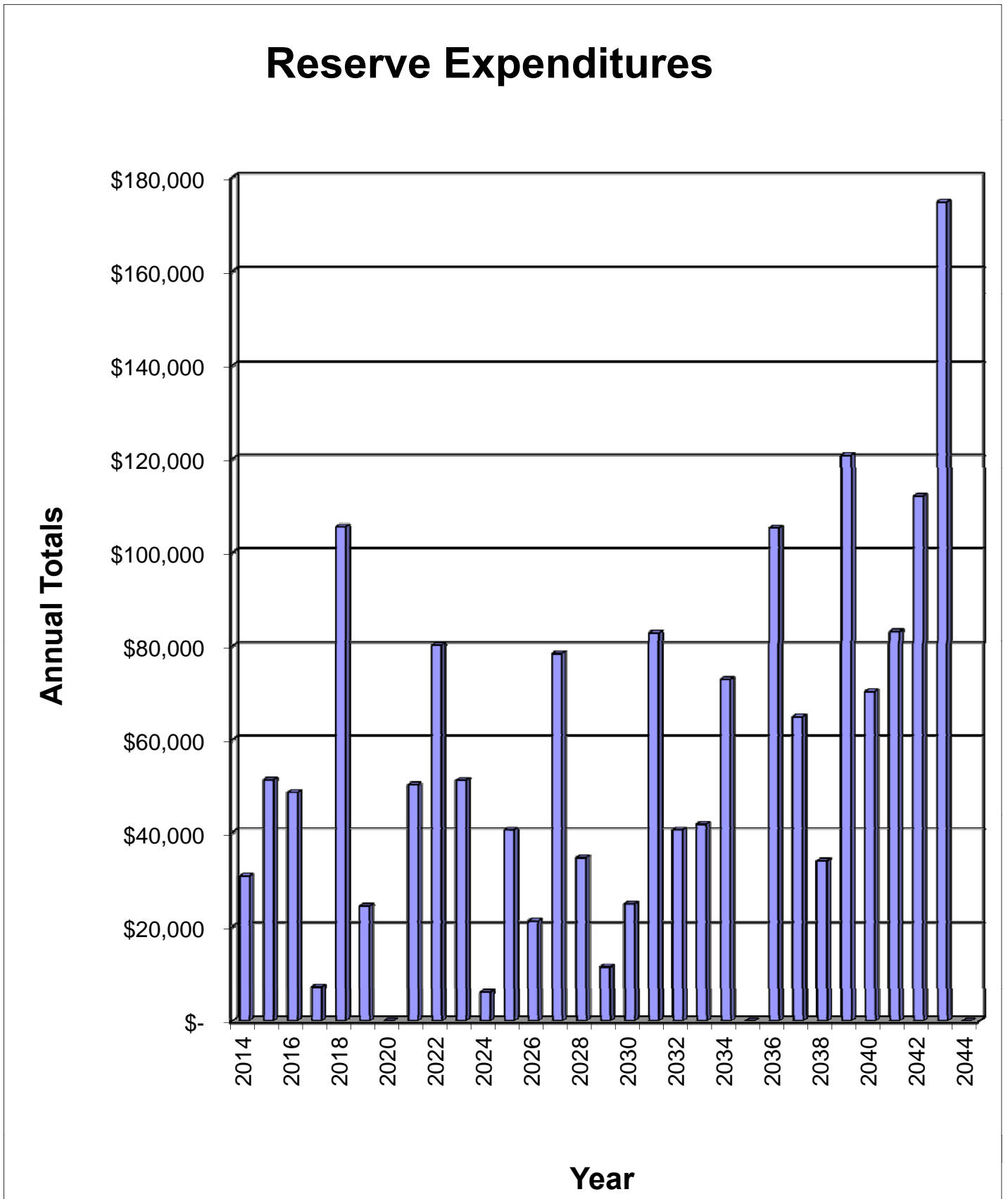
Year	2024	2025	2026	2027	2028
Starting Balance	\$94,690	\$139,164	\$150,738	\$183,111	\$159,641
<i>Reserve Income</i>	\$49,386	\$50,620	\$51,886	\$53,183	\$54,513
<i>Interest Earnings</i>	\$1,169	\$1,449	\$1,669	\$1,713	\$1,704
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$145,244	\$191,233	\$204,292	\$238,007	\$215,857
Reserve Expenditures	\$6,080	\$40,495	\$21,182	\$78,366	\$34,634
Ending Balance	\$139,164	\$150,738	\$183,111	\$159,641	\$181,223

Year	2029	2030	2031	2032	2033
Starting Balance	\$181,223	\$227,788	\$262,732	\$241,169	\$263,346
<i>Reserve Income</i>	\$55,875	\$57,272	\$58,704	\$60,172	\$62,578
<i>Interest Earnings</i>	\$2,044	\$2,452	\$2,518	\$2,522	\$2,750
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$239,143	\$287,512	\$323,955	\$303,862	\$328,674
Reserve Expenditures	\$11,355	\$24,780	\$82,786	\$40,516	\$41,742
Ending Balance	\$227,788	\$262,732	\$241,169	\$263,346	\$286,932

Year	2034	2035	2036	2037	2038
Starting Balance	\$286,932	\$282,047	\$352,905	\$321,503	\$333,148
<i>Reserve Income</i>	\$65,082	\$67,685	\$70,392	\$73,208	\$76,136
<i>Interest Earnings</i>	\$2,844	\$3,173	\$3,371	\$3,272	\$3,559
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$354,858	\$352,905	\$426,668	\$397,983	\$412,843
Reserve Expenditures	\$72,811	\$0	\$105,165	\$64,834	\$33,913
Ending Balance	\$282,047	\$352,905	\$321,503	\$333,148	\$378,931

Year	2039	2040	2041	2042	2043
Starting Balance	\$378,931	\$340,976	\$356,599	\$362,782	\$343,416
<i>Reserve Income</i>	\$79,182	\$82,349	\$85,643	\$89,069	\$92,631
<i>Interest Earnings</i>	\$3,598	\$3,486	\$3,595	\$3,529	\$3,038
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$461,711	\$426,812	\$445,837	\$455,380	\$439,085
Reserve Expenditures	\$120,734	\$70,213	\$83,055	\$111,964	\$174,644
Ending Balance	\$340,976	\$356,599	\$362,782	\$343,416	\$264,441

Yearly Expenditures Graph For Oak Meadows Owners Assoc.



Projected Reserve Expenditures For Oak Meadows Owners Assoc.

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2014	209	Wood Fencing - Restain	\$13,230	\$30,730
	1806	Tract A Landscaping - Refurbish	\$17,500	
2015	1001	Privacy Wood Fencing - Replace	\$47,101	\$51,373
	1009	Rail Fencing - Replace	\$4,272	
2016	1801	Landscaping - Refurbish	\$16,224	\$48,672
	1807	Tract T/D Landscaping - Refurbish	\$27,040	
	2001	BOD Computers/Printers - Replace	\$5,408	
2017	601	Concrete Surfaces - Repair	\$7,092	\$7,092
2018	209	Wood Fencing - Restain	\$15,477	\$105,410
	803	Mailboxes - Replace (2000/02)	\$51,912	
	1808	Tract B Landscaping - Refurbish	\$38,020	
2019	1801	Landscaping - Refurbish	\$18,250	\$24,333
	2001	BOD Computers/Printers - Replace	\$6,083	
2020		No Expenditures Projected		\$0
2021	601	Concrete Surfaces - Repair	\$8,297	\$50,275
	1701	Irrigation System - Rebuild	\$29,608	
	1703	Irrigation Timeclocks - Replace	\$12,370	
2022	209	Wood Fencing - Restain	\$18,106	\$80,137
	804	Mailboxes - Replace (2004/05)	\$7,288	
	1801	Landscaping - Refurbish	\$20,529	
	1803	Ditch - Dredging	\$27,371	
	2001	BOD Computers/Printers - Replace	\$6,843	
2023	801	Monuments - Rebuild	\$51,239	\$51,239
2024	1009	Rail Fencing - Replace	\$6,080	\$6,080
2025	601	Concrete Surfaces - Repair	\$9,706	\$40,495
	1801	Landscaping - Refurbish	\$23,092	
	2001	BOD Computers/Printers - Replace	\$7,697	
2026	209	Wood Fencing - Restain	\$21,182	\$21,182
2027	805	Mailboxes - Replace (2010)	\$2,956	\$78,366
	1001	Privacy Wood Fencing - Replace	\$75,410	
2028	1801	Landscaping - Refurbish	\$25,975	\$34,634
	2001	BOD Computers/Printers - Replace	\$8,658	
2029	601	Concrete Surfaces - Repair	\$11,355	\$11,355
2030	209	Wood Fencing - Restain	\$24,780	\$24,780
2031	1701	Irrigation System - Rebuild	\$43,828	\$82,786
	1801	Landscaping - Refurbish	\$29,219	
	2001	BOD Computers/Printers - Replace	\$9,740	
2032	1803	Ditch - Dredging	\$40,516	\$40,516
2033	601	Concrete Surfaces - Repair	\$13,284	\$41,742
	1009	Rail Fencing - Replace	\$8,654	
	1703	Irrigation Timeclocks - Replace	\$19,804	
2034	209	Wood Fencing - Restain	\$28,989	\$72,811
	1801	Landscaping - Refurbish	\$32,867	
	2001	BOD Computers/Printers - Replace	\$10,956	
2035		No Expenditures Projected		\$0
2036	803	Mailboxes - Replace (2000/02)	\$105,165	\$105,165
2037	601	Concrete Surfaces - Repair	\$15,540	\$64,834
	1801	Landscaping - Refurbish	\$36,971	
	2001	BOD Computers/Printers - Replace	\$12,324	
2038	209	Wood Fencing - Restain	\$33,913	\$33,913
2039	1001	Privacy Wood Fencing - Replace	\$120,734	\$120,734
2040	804	Mailboxes - Replace (2004/05)	\$14,763	\$41,587
	1801	Landscaping - Refurbish	\$41,587	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	2001	BOD Computers/Printers - Replace	\$13,862	\$70,213
2041	601	Concrete Surfaces - Repair	\$18,180	
	1701	Irrigation System - Rebuild	\$64,876	\$83,055
2042	209	Wood Fencing - Restain	\$39,673	
	1009	Rail Fencing - Replace	\$12,317	
	1803	Ditch - Dredging	\$59,974	\$111,964
2043	801	Monuments - Rebuild	\$112,271	
	1801	Landscaping - Refurbish	\$46,780	
	2001	BOD Computers/Printers - Replace	\$15,593	\$174,644
2044		No Expenditures Projected		\$0

Glossary of Commonly used Words and Phrases (provided by the National Reserve Study Standards of the Community Associations Institute)

Asset or Component – 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.

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 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. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

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 expense over time is presented. The Financial Analysis is one of the two parts of the Reserve Study.

Component Full Funding – When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

Fully Fund Balance (aka – Ideal Balance) – An indicator against which 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. This number is calculated for each component, and then summed together for an association total.

$$\text{FFB} = \text{Replacement Cost} \times \text{Effective Age} / \text{Useful Life}$$

Fund Status – The status of the Reserve Fund as compared to an established benchmark, such as percent funding.

Funding Goals – Independent of 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. Depending on the threshold, this may be more or less conservative than the “Component Fully Funding” method.

Funding Plan – An associations plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

Funding Principles –

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

Life and Valuation Estimates – The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

Percent Funded – The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual* (or *projected*) Reserve Balance to the accrued *Fund Balance*, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the Component Inventory, 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 initial year have “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 in which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. This is based upon information provided and is not audited.

Reserve Provider – An individual that prepares Reserve Studies. Also known as **Aspen Reserve Specialties**.

Reserve Study – A budget-planning tool that 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. Special Assessments are often regulated by governing documents or local statutes.

Surplus – An actual (or projected) Reserve Balance that is greater than the Fully Funded Balance.

Useful Life (UL) – Also known as “Life Expectancy”, or “Depreciable Life”. 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 or installation.