

The Villas at the Country Club

2024 Reserve Study

BACKGROUND: In 2020, the HOA board commissioned a “Reserve Study” in order to comply with a change in state law regulating Home Owners Associations. The purpose of the study was to inform members of the HOA (the homeowners) of the projected costs to replace and/or maintain the common area components of the property as they reached the end of their useful life. The 2020 Reserve Study found that the amount of money the HOA should be planning for (and ideally setting aside as reserves) each year for such replacements / major maintenance project was approximately \$120,000 per year, or about \$3,000 per unit per year, or about \$254 per unit per month. Because the HOA was not regularly accumulating such a reserve, the study found that our reserve account at that time was under-funded by about \$750,000, or about \$20,000 per unit. No action was taken at that time to implement a monthly assessment for the capital reserves. Instead, capital and maintenance projects were further deferred in an effort to keep monthly HOA fees low.

Over the past 4 years, the effect of deferring capital and maintenance projects has become increasingly evident. For example, the roof on the south building began to fail 3-4 years ago, resulting in roof leaks affecting in multiple units. The situation reached such a critical stage that the HOA has no choice but to impose special assessments of \$3,000 per unit in 2022 and 2023 respectively in order to re-roof both the flat and pitched roof sections of the building. The majority of other regularly scheduled replacements/improvements have likewise been deferred due to lack of funds. With the south building being now 20 years old and the north building reaching 15 years old, deferred capital and maintenance projects will continued to pile up and take an increasingly visible toll on the property. In order to finally address the matter of building up a proper reserve account, the Board directly its Finance Committee to update its reserve study. A copy of this updated 2024 reserve study has been e-mailed to all members of the HOA and is posted to the Association webpage at <http://tpmhoa.com>.

2024 UPDATED RESERVE STUDY: The 2024 Reserve Study highlights the specific projects that are scheduled to be funded and completed in each of 2024 and 2025 and forecasts reserve requirements for the next 50 years. According to the 2024 Reserve Study, using the low end of the estimated cost ranges, the amount of the recommended annual reserve accrual is at least \$265 per unit per month. Because the HOA has not regularly planned for and funded this reserve recommendation, our reserve account balance is only about \$38,000. This means that our reserve account is now underfunded by at least \$1.1 million, or about \$27,500 per unit, up from about \$20,000 four years ago.

RECOMMENDATION:

It is the STRONG recommendation of the Finance Committee that the Board take two actions as soon as possible:

- 1- Assess each unit \$265 per month to fund the regular reserve account as provided for in Article 8.3 and 8.5 of the CCR's.
- 2- Assess each unit a special assessment of \$5,000 per year until the reserve is no longer underfunded, which is the maximum amount of special assessment annually allowable within the Board's authority under Article 8.6 of the CCR's.

2024 Reserve Study Summary

50 year project cost estimates

Low Cost Estimate	\$ 6,162,672
High Cost Estimate	\$ 12,953,948
Reserves Per Year Low	\$ 123,253
Reserves Per Year High	\$ 259,079
Reserves Per Year Per Unit - Low	\$ 3,160
Reserves Per Year Per Unit - High	\$ 6,643
Reserves Per Unit per month Low	\$ 263.36
Reserves Per Unit per month High	\$ 553.59
Under Reserved - Low	\$ 1,062,067
Under Reserved - High	\$ 2,372,601

39 units

Finance Committee Recommendations	Per Unit	Total Annual	Actually Assessed and collected
one time assessment - Mar '23	3,000	117,000	
6 years of special assessments - '2024-'29	5,000	195,000	Recommended
Proposed monthly reserve /unit 2024	265	124,020	Recommended

Projects Per Year Estimate	Total cost	Description	Reserve additions	Balance Reserves		Projected One Time Minimum Annual Assessments
				Running	Potential	
2023	0	1-time \$3,000 special assessment only	118,800	\$ 60,000	2022	if no monthly reserve set aside
2023	0	1-time \$3,000 special assessment only	117,000	\$ 35,800	2023	approx balance as of 12/31/2023
2024	18	\$5,000 special assessment + 9 monthly reserve pmts of \$	288,015	\$ 21,315		7,756.41
2025	10	\$5,000 special assessment + 12 monthly reserve pmts of	319,020	\$ 179,883		4,114.17
2026	2	\$5,000 special assessment + 12 monthly reserve pmts of	319,020	\$ 446,548		1,342.44
2027	3	\$5,000 special assessment + 12 monthly reserve pmts of	319,020	\$ 640,713		3,201.41
2028	1	\$5,000 special assessment + 12 monthly reserve pmts of	319,020	\$ 947,733		307.69
2029	24	\$5,000 special assessment + 12 monthly reserve pmts of	319,020	\$ 958,128		7,913.46
2030	7	12 monthly reserve pmts of \$255 per unit	124,020	\$ 983,990		2,516.86
2031	0	13 monthly reserve pmts of \$255 per unit	124,020	\$ 1,108,010		-
2032	1	14 monthly reserve pmts of \$255 per unit	124,020	\$ 1,224,620		190.00
2033	2	15 monthly reserve pmts of \$255 per unit	124,020	\$ 1,340,076		219.59
2034	17	16 monthly reserve pmts of \$255 per unit	124,020	\$ 1,122,161		8,767.56
2035	7	17 monthly reserve pmts of \$255 per unit	124,020	\$ 1,052,984		4,953.78
2036	6	18 monthly reserve pmts of \$255 per unit	124,020	\$ 1,107,449		1,783.46
2037	3	19 monthly reserve pmts of \$255 per unit	124,020	\$ 1,112,574		3,048.59
2038	2	20 monthly reserve pmts of \$255 per unit	124,020	\$ 1,212,594		615.38
2039	11	21 monthly reserve pmts of \$255 per unit	124,020	\$ 1,158,339		4,571.15
2040	6	22 monthly reserve pmts of \$255 per unit	124,020	\$ 1,125,301		4,027.12
2041	1	23 monthly reserve pmts of \$255 per unit	124,020	\$ 1,244,021		135.90
2042	3	24 monthly reserve pmts of \$255 per unit	124,020	\$ 1,358,841		235.90
2043	1	25 monthly reserve pmts of \$255 per unit	124,020	\$ 1,477,861		128.21
2044	15	26 monthly reserve pmts of \$255 per unit	124,020	\$ 1,429,331		4,424.36
2045	9	27 monthly reserve pmts of \$255 per unit	124,020	\$ 1,464,290		2,283.63
2046	4	28 monthly reserve pmts of \$255 per unit	124,020	\$ 1,489,455		2,534.74
2047	4	29 monthly reserve pmts of \$255 per unit	124,020	\$ 1,424,520		4,845.00
2048	6	30 monthly reserve pmts of \$255 per unit	124,020	\$ 1,511,930		938.72
2049	20	31 monthly reserve pmts of \$255 per unit	124,020	\$ 1,261,057		9,612.63
2050	5	32 monthly reserve pmts of \$255 per unit	124,020	\$ 1,228,370		4,018.14
2051	0	33 monthly reserve pmts of \$255 per unit	124,020	\$ 1,352,390		-
2052	1	34 monthly reserve pmts of \$255 per unit	124,020	\$ 1,476,110		7.69
2053	4	35 monthly reserve pmts of \$255 per unit	124,020	\$ 1,124,230		12,202.56
2054	18	36 monthly reserve pmts of \$255 per unit	124,020	\$ 1,002,845		6,292.44
2055	7	37 monthly reserve pmts of \$255 per unit	124,020	\$ 1,035,317		2,347.37
2056	3	38 monthly reserve pmts of \$255 per unit	124,020	\$ 1,099,572		1,532.44
2057	3	39 monthly reserve pmts of \$255 per unit	124,020	\$ 1,100,233		3,163.05
2058	2	40 monthly reserve pmts of \$255 per unit	124,020	\$ 1,208,653		400.00
2059	12	41 monthly reserve pmts of \$255 per unit	124,020	\$ 1,041,533		7,465.13
2060	7	42 monthly reserve pmts of \$255 per unit	124,020	\$ 1,095,806		1,788.40
2061	1	43 monthly reserve pmts of \$255 per unit	124,020	\$ 1,219,026		20.51
2062	1	44 monthly reserve pmts of \$255 per unit	124,020	\$ 1,308,571		883.97
2063	1	45 monthly reserve pmts of \$255 per unit	124,020	\$ 1,427,591		128.21
2064	15	46 monthly reserve pmts of \$255 per unit	124,020	\$ 1,360,701		4,895.13
2065	10	47 monthly reserve pmts of \$255 per unit	124,020	\$ 1,263,023		5,684.55
2066	4	48 monthly reserve pmts of \$255 per unit	124,020	\$ 1,327,488		1,527.05
2067	3	49 monthly reserve pmts of \$255 per unit	124,020	\$ 1,328,353		3,157.82
2068	2	50 monthly reserve pmts of \$255 per unit	124,020	\$ 1,428,373		615.38
2069	26	51 monthly reserve pmts of \$255 per unit	124,020	\$ 1,198,329		9,078.56
2070	7	52 monthly reserve pmts of \$255 per unit	124,020	\$ 1,164,942		4,036.09
2071	1	53 monthly reserve pmts of \$255 per unit	124,020	\$ 1,283,662		135.90
2072	7	54 monthly reserve pmts of \$255 per unit	124,020	\$ 1,320,272		2,241.28
2073	2	55 monthly reserve pmts of \$255 per unit	124,020	\$ 1,438,492		148.72
	325	5,937,304				
		\$ 225,368	188,205.00			152,238.55

