Steeple Chase

Level 1 Reserve Study

Report Period – 01/01/2014 – 12/31/2014

Client Reference Number	**17709**
Property Type	**Condominium**
Number of Units	**44**
Fiscal Year End	**12/31**

Date of Property Inspection	**2/11/2014**
Prepared By	**Dale Gifford**
Analysis Method	**Cash Flow**
Funding Goal	**Full Funding**

Report prepared on – Thursday, February 20, 2014

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Glossary of Commonly used Words and Phrases

Executive Summary – Steeple Chase - ID # 17709

Information to complete this Reserve Study was gathered by performing an on-site inspection of the common area elements. In addition, we also obtained information by contacting any vendors and/or contractors that have worked on the property recently, as well as communicating with the property representative (BOD Member and/or Community Manager). To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate insofar as the information obtained from these sources.

Projected Starting Balance as of 01/01/2014	**$0**
Ideal Reserve Balance as of 01/01/2014	**$24,577**
Percent Funded as of 01/01/2014	**0%**
Recommended Reserve Contribution (per month)	**$2,600**
Minimum Reserve Contribution (per month)	**$2,445**
Recommended Special Assessment	**$0**

Steeple Chase is a 44-unit Condominium community. The association's reserve responsibilities include the building roofs, building siding, driveways, sidewalks and landscaped areas. Construction on the community was completed in 2014.

Currently Programmed Projects

There are no projects programmed to occur this fiscal year (FY2014). (See page 15)

Significant Reserve Projects

The association's significant reserve projects pitched roof comp shingle replace (Comp# 105), stucco surfaces repair/repaint (Comp# 201), flat roof (Comp# 104), and siding repair/repaint (Comp# 215). The fiscal significance of these components is approximately 39%, 31%, 7%, and 6% respectively (see page 9). A component's significance is calculated by dividing its replacement cost by its useful life. In this way, not only is a component's replacement cost considered but also the frequency of occurrence. These components most significantly contribute to the total monthly reserve contribution. As these components have a high level of fiscal significance the association should properly maintain them to ensure they reach their full useful lives.

Reserve Funding

In comparing the projected starting reserve balance of $0 versus the ideal reserve balance of $24,577 we find the association's reserve fund to be approximately 0% funded. This indicates a fair reserve fund position. In order to strengthen the account fund, we suggest adopting a monthly reserve contribution of $2,600 ($59.09/unit) per month. We have also included a minimum reserve contribution of $2,445 ($55.57/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 550 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 warrantee or guarantee regarding our life and cost estimates/predictions. There is no implied warrantee 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	44
Fiscal Year End	31-Dec
Budgeted Monthly Reserve Allocation	$0
Projected Starting Reserve Balance	$0
Ideal Starting Reserve Balance	$24,577

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%

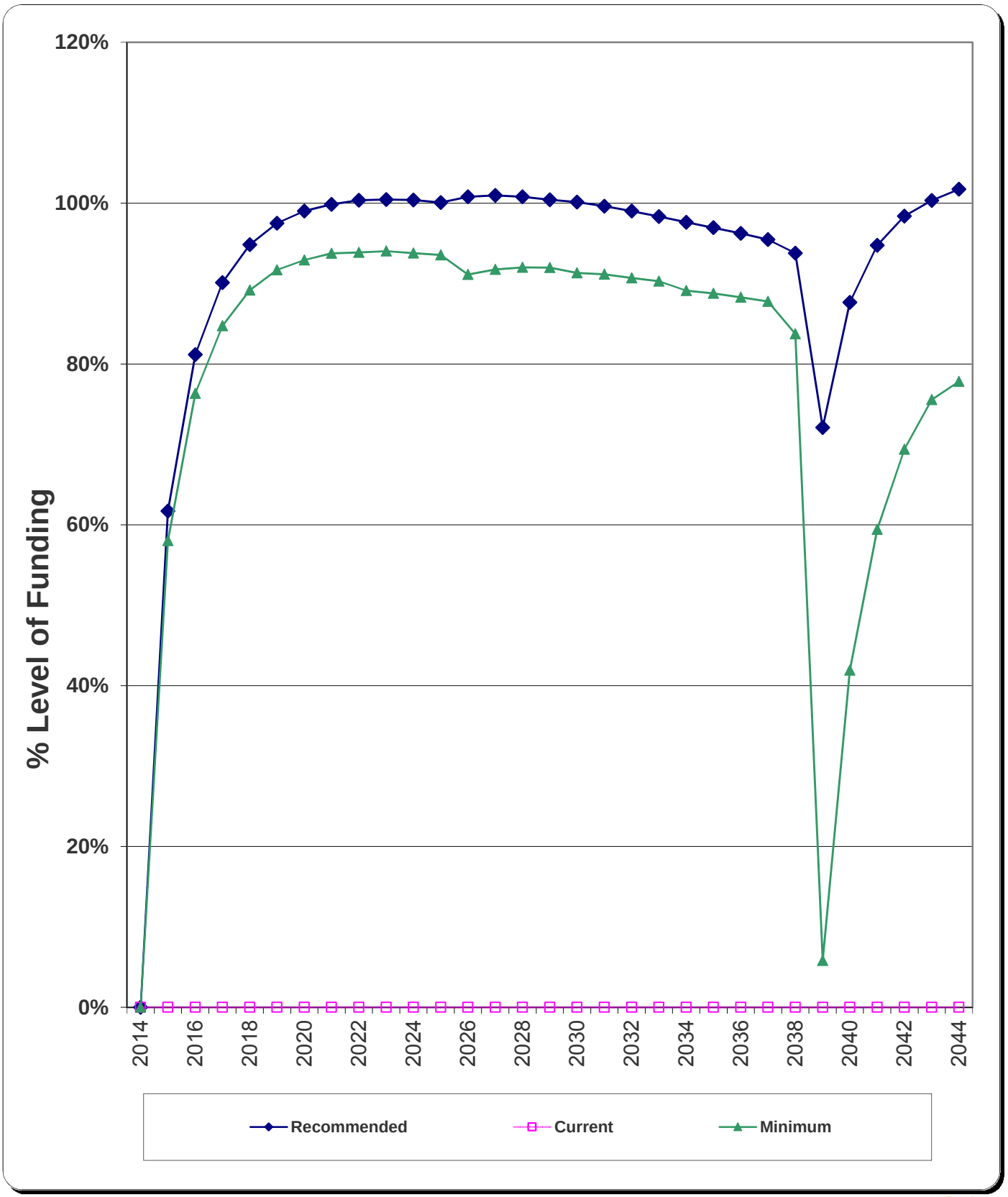
Recommendations

Recommended Monthly Reserve Allocation	$2,600
Per Unit	$59.09
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%
Minimum Recommended Monthly Reserve Allocation	$2,445
Per Unit	$55.57
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%

Changes From Prior Year

Recommended Increase to Reserve Allocation	$2,600
as Percentage	0%
Minimum Recommended Increase to Reserve Allocation	$2,445
as Percentage	0%

Percent Funded - Graph



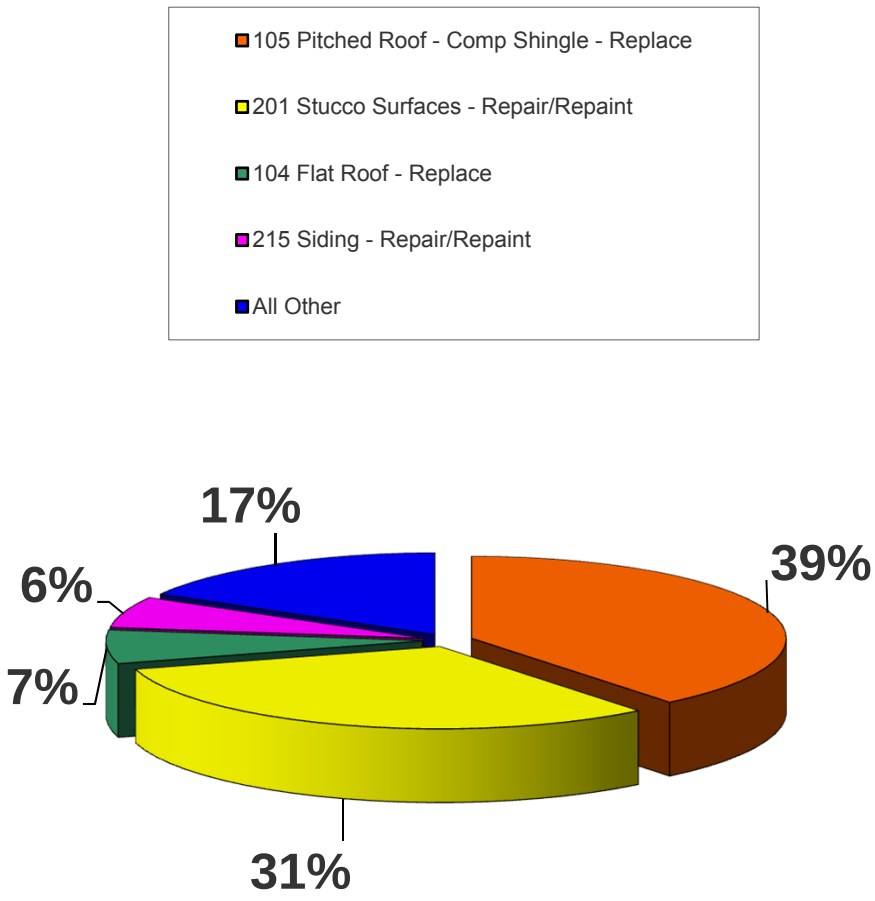
Component Inventory

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Roofing	104	Flat Roof - Replace	25	24	$32,400	$48,600
	105	Pitched Roof - Comp Shingle - Replace	25	24	$225,050	$257,200
	120	Rain Gutters/Downspouts - Replace	25	24	$9,225	$11,275
Painted Surfaces	201	Stucco Surfaces - Repair/Repaint	12	11	$82,000	$102,500
	204	Front Doors - Repaint	6	5	$4,200	$7,000
	215	Siding - Repair/Repaint	8	7	$11,000	$13,200
Drive Materials	403	Concrete - Repair/Replace	10	9	$7,500	$12,500
Decking	604	Decks - Resurface	20	19	$14,720	$18,400
Prop. Identification	803	Mailboxes - Replace	20	19	$3,100	$3,500
Fencing	1090	Deck Rail - Replace	25	24	$3,600	$4,320
Light Fixtures	1602	Exterior Light Fixtures - Replace	16	15	$7,900	$11,850

Significant Components

ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As $	As %
104	Flat Roof - Replace	25	24	$40,500	$1,620	6.5915%
105	Pitched Roof - Comp Shingle - Replace	25	24	$241,125	$9,645	39.2441%
120	Rain Gutters/Downspouts - Replace	25	24	$10,250	$410	1.6682%
201	Stucco Surfaces - Repair/Repaint	12	11	$92,250	$7,688	31.2793%
204	Front Doors - Repaint	6	5	$5,600	$933	3.7976%
215	Siding - Repair/Repaint	8	7	$12,100	$1,513	6.1541%
403	Concrete - Repair/Replace	10	9	$10,000	$1,000	4.0689%
604	Decks - Resurface	20	19	$16,560	$828	3.3690%
803	Mailboxes - Replace	20	19	$3,300	$165	0.6714%
1090	Deck Rail - Replace	25	24	$3,960	$158	0.6445%
1602	Exterior Light Fixtures - Replace	16	15	$9,875	$617	2.5112%

Significant Components - Graph

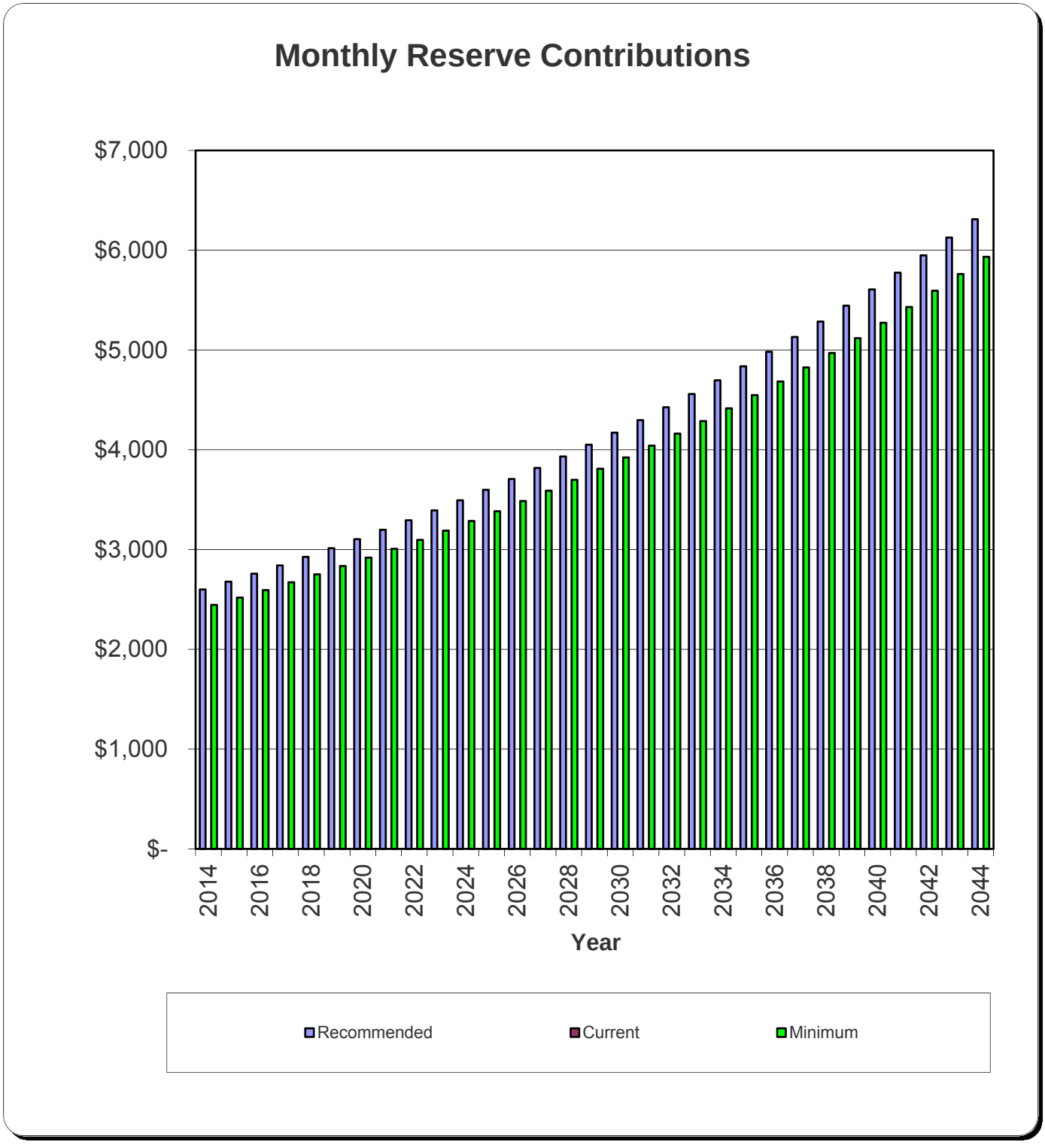


ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As $	As %
105	Pitched Roof - Comp Shingle - Replac	25	24	$241,125	$9,645	39%
201	Stucco Surfaces - Repair/Repaint	12	11	$92,250	$7,688	31%
104	Flat Roof - Replace	25	24	$40,500	$1,620	7%
215	Siding - Repair/Repaint	8	7	$12,100	$1,513	6%
All Other	See Expanded Table For Breakdown				$4,112	17%

Yearly Summary

Year	Fully Funded Balance	Starting Reserve Balance	% Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2014	$24,577	$0	0%	$31,200	$39	$0	$31,239
2015	$50,628	$31,239	62%	$32,136	$118	$0	$63,493
2016	$78,221	$63,493	81%	$33,100	$200	$0	$96,794
2017	$107,423	$96,794	90%	$34,093	$285	$0	$131,172
2018	$138,308	$131,172	95%	$35,116	$372	$0	$166,660
2019	$170,948	$166,660	97%	$36,169	$454	$6,492	$196,792
2020	$198,736	$196,792	99%	$37,254	$539	$0	$234,585
2021	$234,925	$234,585	100%	$38,372	$617	$14,881	$258,692
2022	$257,778	$258,692	100%	$39,523	$697	$0	$298,913
2023	$297,579	$298,913	100%	$40,709	$783	$13,048	$327,357
2024	$326,096	$327,357	100%	$41,930	$872	$0	$370,159
2025	$369,899	$370,159	100%	$43,188	$811	$135,447	$278,710
2026	$276,526	$278,710	101%	$44,484	$753	$0	$323,947
2027	$320,914	$323,947	101%	$45,818	$868	$0	$370,634
2028	$367,716	$370,634	101%	$47,193	$987	$0	$418,813
2029	$417,038	$418,813	100%	$48,609	$1,066	$34,236	$434,252
2030	$433,724	$434,252	100%	$50,067	$1,150	$0	$485,468
2031	$487,358	$485,468	100%	$51,569	$1,268	$9,256	$529,049
2032	$534,286	$529,049	99%	$53,116	$1,391	$0	$583,555
2033	$593,410	$583,555	98%	$54,709	$1,464	$52,360	$587,369
2034	$601,670	$587,369	98%	$56,351	$1,541	$0	$645,260
2035	$665,441	$645,260	97%	$58,041	$1,688	$0	$704,989
2036	$732,496	$704,989	96%	$59,782	$1,839	$0	$766,611
2037	$802,976	$766,611	95%	$61,576	$1,724	$216,996	$612,915
2038	$653,519	$612,915	94%	$63,423	$861	$601,372	$75,827
2039	$105,170	$75,827	72%	$65,326	$272	$0	$141,425
2040	$161,328	$141,425	88%	$67,286	$438	$0	$209,148
2041	$220,760	$209,148	95%	$69,304	$610	$0	$279,063
2042	$283,613	$279,063	98%	$71,383	$788	$0	$351,234
2043	$350,039	$351,234	100%	$73,525	$925	$36,762	$388,921

Reserve Contributions - Graph



Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
104	Flat Roof - Replace	25	24	Approx 8,100 Sq.ft.	$40,500	$1,620	$0	$171.38
105	Pitched Roof - Comp Shingle - Replace	25	24	Approx 64,300 Sq.ft.	$241,125	$9,645	$0	$1,020.35
120	Rain Gutters/Downspouts - Replace	25	24	Approx 2,050 Linear ft.	$10,250	$410	$0	$43.37
201	Stucco Surfaces - Repair/Repaint	12	11	Approx 41,000 Sq.ft.	$92,250	$7,688	$0	$813.26
204	Front Doors - Repaint	6	5	(56) Doors	$5,600	$933	$0	$98.74
215	Siding - Repair/Repaint	8	7	Approx 8,800 Sq.ft.	$12,100	$1,513	$0	$160.01
403	Concrete - Repair/Replace	10	9	Extensive Sq.ft.	$10,000	$1,000	$0	$105.79
604	Decks - Resurface	20	19	Approx 920 Sq.ft.	$16,560	$828	$0	$87.59
803	Mailboxes - Replace	20	19	(2) Clusters	$3,300	$165	$0	$17.46
1090	Deck Rail - Replace	25	24	Approx 180 Linear ft.	$3,960	$158	$0	$16.76
1602	Exterior Light Fixtures - Replace	16	15	(158) Fixtures	$9,875	$617	$0	$65.29
					$445,520	$24,577	$0	$2,600

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

Yearly Cash Flow

Year	2014	2015	2016	2017	2018
Starting Balance	$0	$31,239	$63,493	$96,794	$131,172
Reserve Income	$31,200	$32,136	$33,100	$34,093	$35,116
Interest Earnings	$39	$118	$200	$285	$372
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$31,239	$63,493	$96,794	$131,172	$166,660
Reserve Expenditures	$0	$0	$0	$0	$0
Ending Balance	$31,239	$63,493	$96,794	$131,172	$166,660

Year	2019	2020	2021	2022	2023
Starting Balance	$166,660	$196,792	$234,585	$258,692	$298,913
Reserve Income	$36,169	$37,254	$38,372	$39,523	$40,709
Interest Earnings	$454	$539	$617	$697	$783
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$203,284	$234,585	$273,574	$298,913	$340,404
Reserve Expenditures	$6,492	$0	$14,881	$0	$13,048
Ending Balance	$196,792	$234,585	$258,692	$298,913	$327,357

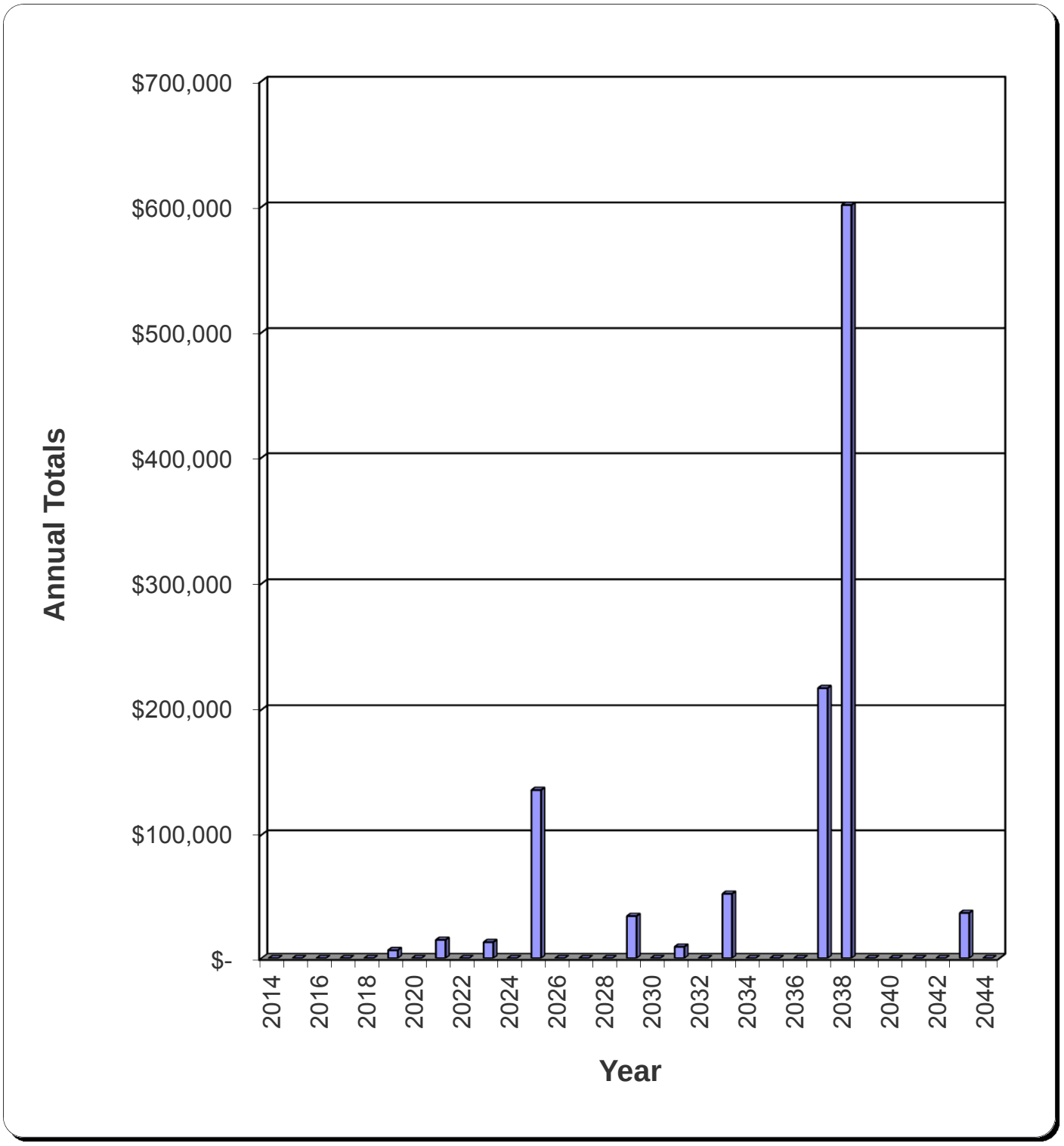
Year	2024	2025	2026	2027	2028
Starting Balance	$327,357	$370,159	$278,710	$323,947	$370,634
Reserve Income	$41,930	$43,188	$44,484	$45,818	$47,193
Interest Earnings	$872	$811	$753	$868	$987
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$370,159	$414,158	$323,947	$370,634	$418,813
Reserve Expenditures	$0	$135,447	$0	$0	$0
Ending Balance	$370,159	$278,710	$323,947	$370,634	$418,813

Year	2029	2030	2031	2032	2033
Starting Balance	$418,813	$434,252	$485,468	$529,049	$583,555
Reserve Income	$48,609	$50,067	$51,569	$53,116	$54,709
Interest Earnings	$1,066	$1,150	$1,268	$1,391	$1,464
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$468,488	$485,468	$538,305	$583,555	$639,728
Reserve Expenditures	$34,236	$0	$9,256	$0	$52,360
Ending Balance	$434,252	$485,468	$529,049	$583,555	$587,369

Year	2034	2035	2036	2037	2038
Starting Balance	$587,369	$645,260	$704,989	$766,611	$612,915
Reserve Income	$56,351	$58,041	$59,782	$61,576	$63,423
Interest Earnings	$1,541	$1,688	$1,839	$1,724	$861
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$645,260	$704,989	$766,611	$829,911	$677,199
Reserve Expenditures	$0	$0	$0	$216,996	$601,372
Ending Balance	$645,260	$704,989	$766,611	$612,915	$75,827

Year	2039	2040	2041	2042	2043
Starting Balance	$75,827	$141,425	$209,148	$279,063	$351,234
Reserve Income	$65,326	$67,286	$69,304	$71,383	$73,525
Interest Earnings	$272	$438	$610	$788	$925
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$141,425	$209,148	$279,063	$351,234	$425,684
Reserve Expenditures	$0	$0	$0	$0	$36,762
Ending Balance	$141,425	$209,148	$279,063	$351,234	$388,921

Yearly Reserve Expenditures - Graph



Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2014		No Expenditures Projected		$0
2015		No Expenditures Projected		$0
2016		No Expenditures Projected		$0
2017		No Expenditures Projected		$0
2018		No Expenditures Projected		$0
2019	204	Front Doors - Repaint	$6,492	$6,492
2020		No Expenditures Projected		$0
2021	215	Siding - Repair/Repaint	$14,881	$14,881
2022		No Expenditures Projected		$0
2023	403	Concrete - Repair/Replace	$13,048	$13,048
2024		No Expenditures Projected		$0
2025	201	Stucco Surfaces - Repair/Repaint	$127,696	
	204	Front Doors - Repaint	$7,752	$135,447
2026		No Expenditures Projected		$0
2027		No Expenditures Projected		$0
2028		No Expenditures Projected		$0
2029	215	Siding - Repair/Repaint	$18,851	
	1602	Exterior Light Fixtures - Replace	$15,385	$34,236
2030		No Expenditures Projected		$0
2031	204	Front Doors - Repaint	$9,256	$9,256
2032		No Expenditures Projected		$0
2033	403	Concrete - Repair/Replace	$17,535	
	604	Decks - Resurface	$29,038	
	803	Mailboxes - Replace	$5,787	$52,360
2034		No Expenditures Projected		$0
2035		No Expenditures Projected		$0
2036		No Expenditures Projected		$0
2037	201	Stucco Surfaces - Repair/Repaint	$182,063	
	204	Front Doors - Repaint	$11,052	
	215	Siding - Repair/Repaint	$23,880	$216,996
2038	104	Flat Roof - Replace	$82,328	
	105	Pitched Roof - Comp Shingle - Replace	$490,157	
	120	Rain Gutters/Downspouts - Replace	$20,836	
	1090	Deck Rail - Replace	$8,050	$601,372
2039		No Expenditures Projected		$0
2040		No Expenditures Projected		$0
2041		No Expenditures Projected		$0
2042		No Expenditures Projected		$0
2043	204	Front Doors - Repaint	$13,197	
	403	Concrete - Repair/Replace	$23,566	$36,762

Component Evaluation

Comp #: 104 Flat Roof - Replace

Location: **Three Story Building Roofs**

Quantity: **Approx 8,100 Sq.ft.**

Life Expectancy: **25** *Remaining Life:* **24**

Best Cost: **$32,400**

$4.00/Sq.ft.; Estimate to replace roof

Worst Cost: **$48,600**

$6.00/Sq.ft.; Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

Unable to inspect this component at the time of the inspection. Research with the client reveals this component is in good condition. The roofs should be inspected and cleaned yearly to prevent damage and to ensure a full life from this component. This component has a useful life of approximately 20 - 25 years. Remaining life based on current age.

Comp #: 105 Pitched Roof - Comp Shingle - Replace

Location: **Building Roofs**

Quantity: **Approx 64,300 Sq.ft.**

Life Expectancy: **25** *Remaining Life:* **24**

Best Cost: **$225,050**

$3.50/Sq.ft.; Estimate to replace roof

Worst Cost: **$257,200**

$4.00/Sq.ft.; Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

The roofs are in good condition. No problems were noted at the time of the inspection. Typically this type of roofing material has a useful life of approximately 25 years. Inspect this component regularly and make local repairs as necessary as an operating expense to ensure full life from this component. Remaining life based on current age.

Comp #: 120 Rain Gutters/Downspouts - Replace

Location: **Building Roofs**

Quantity: **Approx 2,050 Linear ft.**

Life Expectancy: **25** *Remaining Life:* **24**

Best Cost: **$9,225**

$4.50/Linear ft.; Estimate to replace

Worst Cost: **$11,275**

$5.50/Linear ft.; Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

The rain gutters and downspouts are in good condition. No problems were noted at the time of the inspection. We recommend replacing the rain gutters and downspouts at the same time as the roof replacement (see Comp# 105 Pitched Roof - Comp Shingle - Replace) to ensure proper function and to take advantage of the cost savings benefits. We recommend funding to replace these gutters and downspouts every 25 years. Remaining life based on current age.

Comp #: 201 Stucco Surfaces - Repair/Repaint

Location: **Building Exteriors**

Quantity: **Approx 41,000 Sq.ft.**

Life Expectancy: **12** *Remaining Life:* **11**

Best Cost: **$82,000**
$2.00/Sq.ft.; Estimate to repaint

Worst Cost: **$102,500**
$2.50/Sq.ft.; Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

The stucco surfaces are in good condition. No problems were noted at the time of the inspection. We recommend funding to repair/repaint this component approximately every 10 - 12 years to protect the stucco surface and maintain appearance. Remaining life based on current age.

Comp #: 204 Front Doors - Repaint

Location: **Unit Front Entrances**

Quantity: **(56) Doors**

Life Expectancy: **6** *Remaining Life:* **5**

Best Cost: **$4,200**

$75/Door; Estimate to repaint doors

Worst Cost: **$7,000**

$125/Door; Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

The painted front door surfaces are generally in good condition. No problems were noted at the time of the inspection. Repaint doors approximately every 6 years to maintain appearance and protect surfaces. Remaining life based on current age.

Comp #: 215 Siding - Repair/Repaint

Location: **Building Exteriors**

Quantity: **Approx 8,800 Sq.ft.**

Life Expectancy: **8** *Remaining Life:* **7**

Best Cost: **$11,000**

$1.25/Sq.ft.; Estimate to repair/repaint siding

Worst Cost: **$13,200**

$1.50/Sq.ft.; Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

The siding painted surfaces are in good condition. No problems were noted at the time of the inspection. Expect to repair/repaint this component approximately every 6 - 8 years to maintain appearance and to protect the siding surfaces. Remaining life is based on current age.

Comp #: 403 Concrete - Repair/Replace

Location: **Driveways & Sidewalks**

Quantity: **Extensive Sq.ft.**

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

Best Cost: **$7,500**

Allowance to repair/replace

Worst Cost: **$12,500**

Higher allowance for more repairs/replacements

Source of Information: CSL Cost Database

General Notes:

Observations:

The concrete is in good condition. Minor cracking was noted at the time of the inspection. No expectation to completely replace the concrete surfaces. We recommend making local repairs as necessary as an operating expense and funding to make more significant repairs approximately every 10 years. Remaining life based on current age.

Comp #: 604 Decks - Resurface

Location: **Three Story Buildings**

Quantity: **Approx 920 Sq.ft.**

Life Expectancy: **20** *Remaining Life:* **19**

Best Cost: **$14,720**

$16/Sq.ft.; Estimate to resurface

Worst Cost: **$18,400**

$20/Sq.ft.; Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

Unable to inspect this component at the time of the inspection. Research with the client reveals the decks are in good condition. No problems were noted at the time of the inspection. We recommend funding to resurface this component approximately every 15 - 20 years. Remaining life based on current age.

Comp #: 803 Mailboxes - Replace

Location: **Common Area**

Quantity: **(2) Clusters**

Life Expectancy: **20** *Remaining Life:* **19**

Best Cost: **$3,100**

$1,550/Cluster; Estimate to replace

Worst Cost: **$3,500**

$1,750/Cluster; Higher estimate

Source of Information: CSL Cost Database

General Notes:

Quantity description:

(2) - 26 box, 1 outgoing - Cluster

Observations:

The mailboxes are in good condition. No problems were noted at the time of the inspection. Expect to replace this component approximately every 18 - 20 years assuming normal use and wear. Remaining life based on current age.

Comp #: 1090 Deck Rail - Replace

Location: **Three Story Building Decks**

Quantity: **Approx 180 Linear ft.**

Life Expectancy: **25** *Remaining Life:* **24**

Best Cost: **$3,600**

$20/Linear ft.; Estimate to replace railing

Worst Cost: **$4,320**

$24/Linear ft; Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

The deck rail is in good condition. No problems were noted at the time of inspection. We recommend funding to replace this type of railing on an 20 - 25 year schedule. Remaining life based on current age.

Comp #: 1602 Exterior Light Fixtures - Replace

Location: **Building Exteriors**

Quantity: **(158) Fixtures**

Life Expectancy: **16** *Remaining Life:* **15**

Best Cost: **$7,900**

$50/Fixture; Estimate to replace

Worst Cost: **$11,850**

$75/Fixture; Higher estimate

Source of Information: CSL Cost Database

General Notes:

Observations:

The exterior light fixtures are in good condition. No problems were noted at the time of the inspection. Expect to replace this component approximately every 16 years to maintain appearance and function. Remaining life based on current age.

Glossary of Commonly Used Words And Phrases

(Provided by the National Reserve Study Standards of the Community Associations Institute)

Cash Flow Method – A method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component – Also referred to as an "Asset." Individual line items in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited useful life expectancies, 3) have predictable remaining life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

Component Full Funding – When the actual (or projected) cumulative reserve balance for all components is equal to the fully funded balance.

Component Inventory – The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

Deficit – An actual (or projected reserve balance), which is less than the fully funded balance.

Effective Age – The difference between useful life and remaining useful life (UL - RUL).

Financial Analysis – The portion of the Reserve Study where current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived, and the projected reserve income and expenses over time is presented. The financial analysis is one of the two parts of the Reserve Study.

Fully Funded Balance – An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life "used up" of the current repair or replacement cost of a reserve component. This number is calculated for each component, and then summed together for an association total.

FFB = Current Cost * Effective Age / Useful Life

Fund Status – The status of the reserve fund as compared to an established benchmark, such as percent funded.

Funding Goals – Independent of calculation methodology utilized, the following represent the basic categories of funding plan goals:

- *Baseline Funding*: Establishing a reserve-funding goal of keeping the reserve balance above zero.
- *Component Full Funding*: Setting a reserve funding goal of attaining and maintaining cumulative reserves at or near 100% funded.
- *Threshold Funding*: Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount.

Funding Plan – An association's plan to provide income to a reserve fund to offset anticipated expenditures from that fund.

Funding Principles –

- Sufficient funds when required
- Stable contributions through the year
- Evenly distributed contributions over the years
- Fiscally responsible

GSF - Gross Square Feet

Life and Valuation Estimates – The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

LF - Linear Feet

Percent Funded – The ratio, at a particular point in time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the ideal fund balance, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the component evaluation, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) – Also referred to as "remaining life" (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the current fiscal year have a "0" remaining useful life.

Replacement Cost – The cost of replacing, repairing, or restoring a reserve component to its original functional condition. The current replacement cost would be the cost to replace, repair, or restore the component during that particular year.

Reserve Balance – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components that the association is obligated to maintain. Also known as "reserves," "reserve accounts," or "cash reserves." In this report the reserve balance is based upon information provided and is not audited.

Reserve Study – A budget-planning tool, which identifies the current status of the reserve fund and a stable and equitable funding plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

Special Assessment – An assessment levied on the members of an association in addition to regular assessments. Governing documents or local statutes often regulate special assessments.

Surplus – An actual (or projected) reserve balance that is greater than the fully funded balance.

Useful Life (UL) – Also known as "life expectancy." The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed and maintained in its present application of installation.