

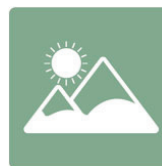


DIY

Reserve Study.com

SAMPLE
Reserve Study

DO-IT-YOURSELF



Welcome to your Reserve Study!

A Reserve Study is a valuable tool to help you budget responsibly for your property. This report contains all the information you need to avoid surprise expenses, make informed decisions, save money, and protect property values.

Regardless of the property type, it's a fact of life that the very moment construction is completed, every major building component begins a predictable process of physical deterioration. The operative word is "predictable" because *planning for the inevitable* is what a Reserve Study by **Association Reserves** is all about!

In this Report, you will find three key results:

- **Reserve Funding Plan**
A multi-year funding plan based on current Reserve Fund strength that allows for component repairs & replacements to be completed in a timely manner, with an emphasis on avoiding "catch-up" funding sources.
- **Reserve Fund Strength**
A calculation that measures how well the Reserve Fund has kept pace with the property's physical deterioration.
- **Component List**
Unique to each property, the Component List serves as the foundation of the Reserve Study and details the scope and schedule of all necessary repairs & replacements.

Questions?



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[YOUR PROPERTY NAME]

Report #: 17918-3

[Anywhere in the world]

of Units: 71

Level of Service: **Do-it-Yourself**

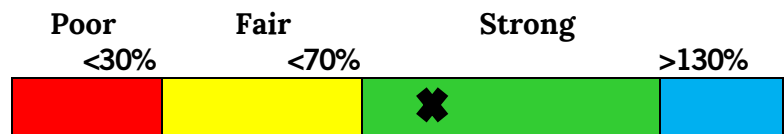
January 1, 2019 through **December 31, 2019**

Findings & Recommendations

as of **January 1, 2019**

Starting Reserve Balance	\$175,234
Fully Funded Reserve Balance	\$202,087
Average Reserve Deficit (Surplus) per Unit.....	\$378
%-Funded	86.7%
Recommended 2019 Monthly "Full Funding" Reserve Contribution.....	\$2,340
Recommended 2019 "Special Assessment" for Reserves	\$0
Most recent Reserve Contribution Rate	\$2,000

Reserve Fund Strength (%-Funded)



Risk of Special Assessment

High Medium Low

Economic Assumptions:

Net Annual "After Tax" Interest Earnings, accruing to Reserves	1.00%
Annual Inflation Rate	3.00%

Comments:

This is a Do-It-Yourself Reserve Study, meaning this report is based on the information provided to our firm shown in the attached Appendix, without oversight or review by Association Reserves. As such, no site inspection was performed by Association Reserves personnel as part of this Reserve Study.

The Reserve Study Funding analysis and this document were both prepared by a credentialed Reserve Specialist (RS).

Because your Reserve Fund is above the 70% Funded range at 86.7 % Funded, this represents a strong Reserve position. Associations in this range generally have a Low risk of Reserve cash-flow problems (such as special assessments and/or deferred maintenance) in the near future.

Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is for a slight increase to your Reserve contributions.

Your multi-year Funding Plan is designed to provide for timely execution of Reserve projects and gradually bring your Association closer to the "Fully Funded" (100%-funded) level.

#	Component	Useful Life UL (years)	Remaining Useful Life RUL (years)	Current Average Cost (\$)
General Common Areas				
1	Roof - Replace	20	13	\$80,000
2	Fence - Repaint	5	2	\$4,500
3	Fence - Replace	15	2	\$17,500
4	Buildings - Repaint	10	4	\$64,500
5	Parking Lot - Resurface	20	19	\$7,500
6	Parking Lot - Seal	5	4	\$1,000
7	Well - Refurbish	20	5	\$8,000
8	Entry Sign - Replace	12	3	\$1,500
9	Mailboxes	20	7	\$2,800
10	Hallways - refurb	10	6	\$65,000
11	Elevator - replace	25	0	\$75,000
12	Lobby - refurb	20	6	\$10,000
12	Total Funded Components			

Yellow highlights indicate items with RUL = 0 years, requiring attention in 2019.

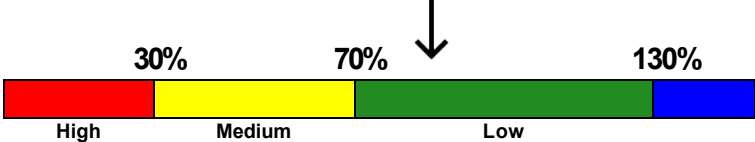
3- Minute Executive Summary

Association: Sample Association **Assoc. #: 17918-3**
 Sample DIY
Location: Anywhere, CA **# of Units:71**
Report Period: January 1, 2019 through December 31, 2019

Findings/Recommendations as-of: January 1, 2019

Starting Reserve Balance	\$175,234
Currently Fully Funded Reserve Balance	\$202,087
Average Reserve Deficit (Surplus) Per Unit	\$378
Percent Funded	86.7 %
Recommended 2019 Monthly "Full Funding" Contributions	\$2,340
Recommended 2019 Special Assessments for Reserves	\$0
Most Recent Reserve Contribution Rate	\$2,000

Reserves % Funded: 86.7%



Special Assessment Risk:

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves1.00 %
Annual Inflation Rate3.00 %

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Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is for a slight increase to your Reserve contributions.

Your multi-year Funding Plan is designed to provide for timely execution of Reserve projects and gradually bring your association closer to the "Fully Funded" (100%) level.

Your significant project this year is elevator modernization.

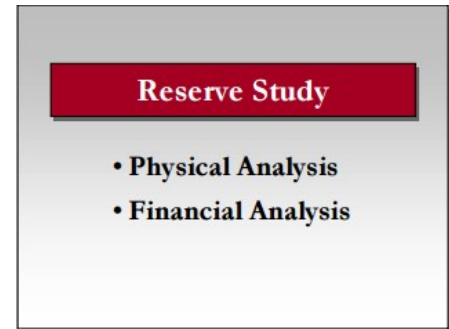
# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
General Common Areas			
1 Roof - Replace	20	13	\$80,000
2 Fence - Repaint	5	2	\$4,500
3 Fence - Replace	15	2	\$17,500
4 Buildings - Repaint	10	4	\$64,500
5 Parking Lot - Resurface	20	19	\$7,500
6 Parking Lot - Seal	5	4	\$1,000
7 Well - Refurbish	20	5	\$8,000
8 Entry Sign - Replace	12	3	\$1,500
9 Mailboxes	20	7	\$2,800
10 Hallways - refurb	10	6	\$65,000
11 Elevator - replace	25	0	\$75,000
12 Lobby - refurb	20	6	\$10,000
12 Total Funded Components			

Note 1: Yellow highlighted line items are expected to require attention in this initial year.

Introduction

It is all very simple, really. A Reserve Study is the art and science of anticipating and preparing for major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a process of research and analysis along well defined methodologies.

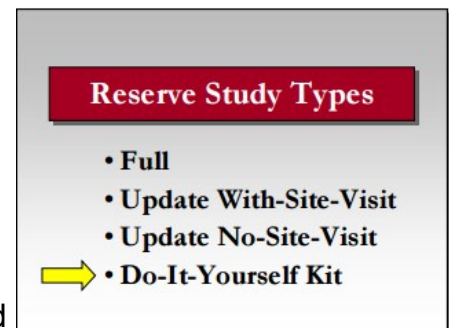
A Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. The Physical Analysis contains the information about the current condition and repair or replacement cost of the major common area components the association is obligated to maintain. In this Do-It-Yourself Reserve Study Kit, the Physical Analysis information has been assembled by the client. The Financial Analysis contains an evaluation of the association's Reserve balance (measured by Percent Funded) and a recommended Funding Plan to offset the anticipated Reserve expenses.



The primary responsibility of the Board of Directors is to maintain, protect, and enhance the assets of the association. As the physical assets age and deteriorate, it is important to accumulate financial assets, keeping the two "in balance". The Reserve Study is the document that helps keep the physical and financial assets of the association in balance. This Reserve Study is a budget-planning document. The primary information you will get from this document is a list of your major Reserve components, a finding of the current status (strength) of your Reserve Fund, and a recommended Funding Plan. The basic objective of the Reserve Study is to provide a plan to collect funds at a stable rate to offset the predicted irregular Reserve expenses. Setting a stable Reserve contribution rate will ensure that each owner pays their own "fair share" of the ongoing, gradual deterioration of the common areas.

Methodology

Association Reserves and the Board of Directors share a common goal: to point your association responsibly in the direction of proper Reserve planning. In this Do-It-Yourself Kit, the client has elected Reserve balance, and the interest rate earned on your Reserve funds. The Reserve Component List you provided is shown in Table 1 and Table 2. With this information and an assumed inflation rate (as shown on the Executive Summary), we are able to project the array of future major expenses facing the association



Which Physical Assets are Covered by Reserves?

Reserve expenses are the larger, infrequent expenses that require significant advance planning. Operating expenses, on the other hand, are those ongoing daily, weekly, or monthly expenses that occur and recur throughout the year. Small surprises are typically handled as maintenance contingencies, while the larger ones may be covered by insurance or require special assessments.

There is a national-standard four-part test to determine which expense items should be funded through Reserves. This four-part test was provided to the client in the workbook used to help compile the Reserve Component List. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the limited life must be predictable (not a “surprise” which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost. This limits Reserve Components to major, predictable expenses. Most Reserve Studies do not typically Reserve for building foundations and major infrastructure elements since they do not have limited life expectancies. Light bulbs or other small items are usually not listed as Reserve Components since their individual costs are insignificant. Finally, it is usually inappropriate to include unpredictable expenses such as damage due to fire, flood, or earthquake since these typically cannot be considered “reasonably predictable”.

Reserve Components

- **Common Area**
- **Limited Useful Life**
- **Predictable Life Limit**
- **Cost must be Significant**

The Financial Analysis

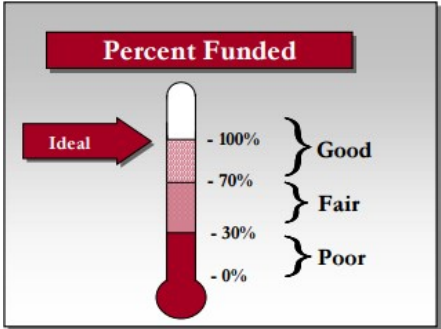
We have used the Reserve Component List provided by the client to compute the association’s current Percent Funded and an appropriate Reserve Contribution rate. These two pieces of information are considered the Financial Analysis.

So... How much Reserves are enough? Computing your Percent Funded.

Your Reserve cash Balance can measure reserves, but the true measure is whether the funds are adequate for the needs of the association. Reserve Fund size is therefore measured by Percent Funded. Percent Funded is the actual (or projected) Reserve Balance, divided by the association’s calculated Fully Funded Balance (FFB), expressed as a percentage. The Fully Funded Balance is the sum of the value of the deterioration fraction of each individual Reserve components, not the total replacement value of those components. The Fully Funded Balance for each individual component is shown in Table 3. of all the Reserve Components. To show how this works with one component, in the case of a \$10,000 component with a 10 year Useful Life, in the third year the Fully Funded Balance is three tenths of \$10,000, or \$3,000. The FFB grows as assets age, but shrinks as

components are replaced. Deteriorated associations have a higher FFB than association with assets in good condition. The Fully Funded Balance changes each year, and is a predictable, but moving target.

Special assessments and deferred maintenance are common when the Percent Funded is weak (below 30%). While the 100% point is Ideal, a Reserve Fund above the 70% level should be considered “strong” because cash flow problems are rare. Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. An association with a strong Reserve Fund should experience smooth sailing financially, while an association with a weak Reserve Fund should expect cash flow problems. New buyers should be very aware of this important disclosure!



How much should we contribute?

There are four Funding Principles that we balance in developing your Reserve Funding Plan. First and foremost, our objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. A stable contribution rate is desirable because it indicates the association is being run on a stable financial platform, not being driven by the winds of change from year to year. For fairness, it is important to evenly distribute the contributions over the years so each owner pays their fair share of the deterioration in direct proportion to the amount of time they are owners. And finally, any Funding Plan must be based on fiscally responsible principles. Your Funding Plan was created by a process where different solutions were tested until one was found that most successfully met all four of these principles and achieved your Funding Goal.

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- The figure is a box titled "Funding Principles" containing four bullet points:
- Sufficient Cash
 - Stable Contribution Rate
 - Evenly Distributed
 - Fiscally Responsible

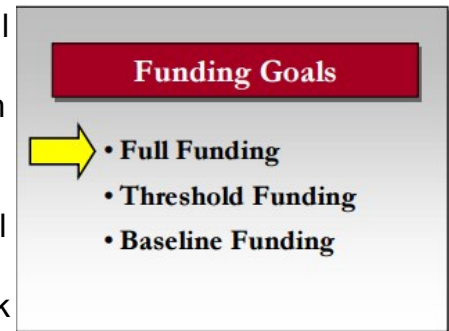
What is our Funding Goal?

There are different Funding Goals to strive for, ranging from conservative to risky. Establishing a goal of simply having sufficient cash for all future years is called “Baseline Funding”. The drawback is that there is little or no “margin for error”, and expenses that are higher than budgeted or projects that occur earlier than planned will often cause special assessments.

“Full Funding” is when the association has the goal of becoming Fully Funded (Reserve Cash equals the FFB). Such an objective means the association is following the simple and responsible principle that you “replace what you use up”. Believing this to be the responsible choice, our Funding Plan will direct you to Full Funding. Members of Fully Funded associations enjoy low exposure to the risk of special assessments or deferred maintenance.

Strong interest earnings will minimize their Reserve contributions. Board members enjoy peace of mind that the association’s physical and financial assets are in balance, and therefore a degree of insulation from claims of fiscal irresponsibility.

“Threshold Funding” option is different in that the association selects a target other than 0% or 100%. This objective may be between 0% and 100% Funded, higher than 100% Funded, or a particular Reserve cash balance. Associations choosing Threshold Funding select this option to customize their risk exposure.



Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all these expenses will all take place as anticipated. This Reserve Study needs to be updated annually because we expect the timing of these expenses to shift and the size of these expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away. Please be aware of your near-term expenses, which we are able to project more accurately than the more distant projections.

The figure below summarizes the projected future expenses at your association as defined by your Reserve Component List. A summary of these components are shown in the Component Details table, while a summary of the expenses themselves are shown in the 30-yr Expense Summary table. Note the future years of high projected Reserve expenses. Note the general scatter of expenses (projects) through the years, with your first (zero) year containing a significant elevator modernization expense.

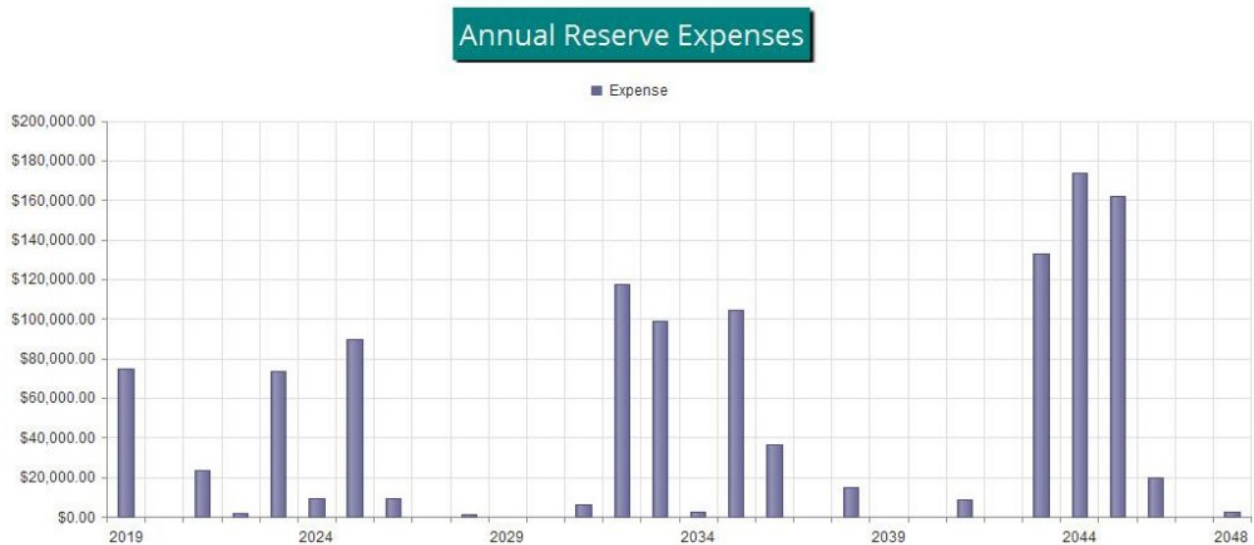


Figure 1

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$175,234 as-of the start of your Fiscal Year on 1/1/2019. This is based on the projections provided to our firm. As of your Fiscal Year Start, your Fully Funded Balance is computed to be \$202,087. This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 86.7 % Funded. Across the country approximately 1% of associations that are between 80%-90% Funded experience special assessments or deferred maintenance expenses. So your pattern of many years of Reserve contributions have provided you with a strong platform of financial operations at this time.

Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending budgeted contributions of \$2,340 per month this Fiscal Year. The overall 30-yr plan, in perspective, is shown below. This same information is shown numerically in both the 30-yr Summary and the Cash Flow Detail tables.

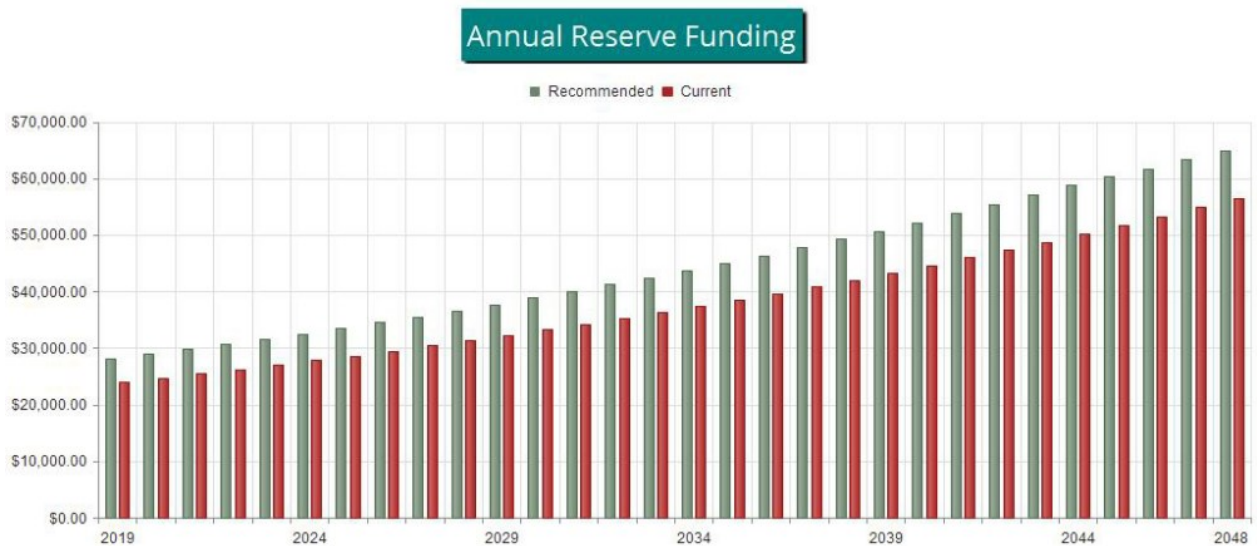


Figure 2

The following chart shows your Reserve balance under our recommended Full Funding Plan and at your current budgeted contribution rate, compared to your always-changing Fully Funded Balance target.

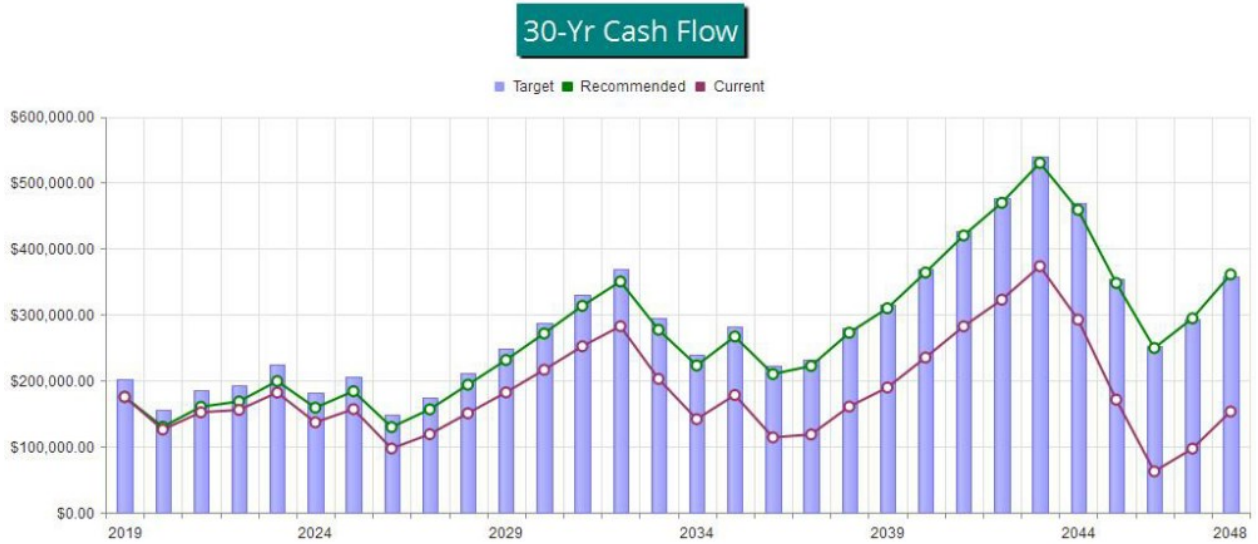


Figure 3

This figure shows the same information plotted on a Percent Funded scale. It is clear here to see how your Reserve Fund strength approaches the 100% Funded level under our recommended multi-yr Funding Plan.

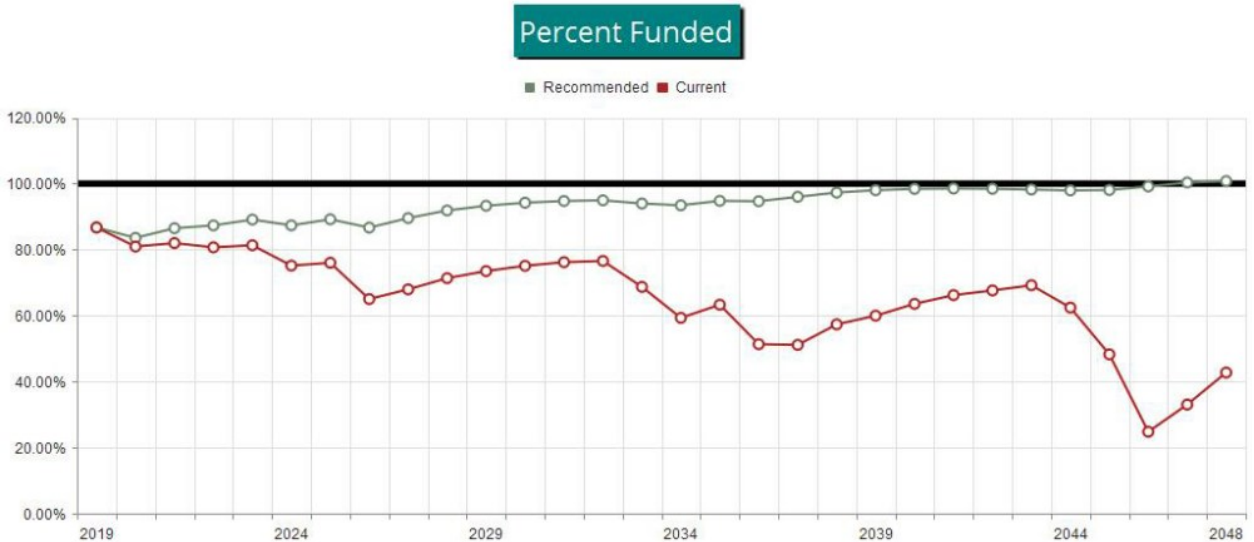


Figure 4

Table Descriptions

The tabular information in this Report is broken down into nine tables, **not all which may have been chosen by your Project Manager to appear in your report.** Tables are listed in the order in which they appear in your Report.

Executive Summary is a summary of your Reserve Components

Budget Summary is a management and accounting tool, summarizing groupings of your Reserve Components.

Analysis Summary provides a summary of the starting financial information and your Project Manager's Financial Analysis decision points.

Reserve Component List Detail discloses key Component information, providing the foundation upon which the financial analysis is performed.

Fully Funded Balance shows the calculation of the Fully Funded Balance for each of your components, and their contributions to the association total. For each component, the Fully Funded Balance is the fraction of life used up multiplied by its estimated Current Replacement Cost.

Component Significance shows the relative significance of each component to Reserve funding needs of the association, helping you see which components have more (or less) influence than others on your total Reserve contribution rate. The deterioration cost/yr of each component is calculated by dividing the estimated Current Replacement Cost by its Useful Life, then that component's percentage of the total is displayed.

Accounting-Tax Summary provides information on each Component's proportionate portion of key totals, valuable to accounting professionals primarily during tax preparation time of year.

30-Yr Reserve Plan Summary provides a one-page 30-year summary of the cash flowing into and out of the Reserve Fund, with a display of the Fully Funded Balance, Percent Funded, and special assessment risk at the beginning of each year.

30-Year Income/Expense Detail shows the detailed income and expenses for each of the next 30 years. This table makes it possible to see which components are projected to require repair or replacement in a particular year, and the size of those individual expenses.

# Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate		
				Best Case	Worst Case	
General Common Areas						
1	Roof - Replace	Approx 20000 Sq Ft	20	13	\$80,000	\$80,000
2	Fence - Repaint	Approx 5400 Sq Ft (both sides)	5	2	\$4,500	\$4,500
3	Fence - Replace	Approx 450 Linear Ft	15	2	\$17,500	\$17,500
4	Buildings - Repaint	(8) Buildings	10	4	\$64,500	\$64,500
5	Parking Lot - Resurface	Small parking lot	20	19	\$7,500	\$7,500
6	Parking Lot - Seal	Small parking lot	5	4	\$1,000	\$1,000
7	Well - Refurbish	(1) well	20	5	\$8,000	\$8,000
8	Entry Sign - Replace	Sign and Frame	12	3	\$1,500	\$1,500
9	Mailboxes	(80) boxes (in lobby)	20	7	\$2,800	\$2,800
10	Hallways - refurb	Carpet and paint	10	6	\$65,000	\$65,000
11	Elevator - replace	(1) 3-stop	25	0	\$75,000	\$75,000
12	Lobby - refurb	Approx 750 Sq Ft + furniture	20	6	\$10,000	\$10,000
12	Total Funded Components					

#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
General Common Areas								
1	Roof - Replace	\$80,000	X	7	/	20	=	\$28,000
2	Fence - Repaint	\$4,500	X	3	/	5	=	\$2,700
3	Fence - Replace	\$17,500	X	13	/	15	=	\$15,167
4	Buildings - Repaint	\$64,500	X	6	/	10	=	\$38,700
5	Parking Lot - Resurface	\$7,500	X	1	/	20	=	\$375
6	Parking Lot - Seal	\$1,000	X	1	/	5	=	\$200
7	Well - Refurbish	\$8,000	X	15	/	20	=	\$6,000
8	Entry Sign - Replace	\$1,500	X	9	/	12	=	\$1,125
9	Mailboxes	\$2,800	X	13	/	20	=	\$1,820
10	Hallways - refurb	\$65,000	X	4	/	10	=	\$26,000
11	Elevator - replace	\$75,000	X	25	/	25	=	\$75,000
12	Lobby - refurb	\$10,000	X	14	/	20	=	\$7,000
								\$202,087

Component Significance

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# Component	Useful Life (yrs)	Current Cost Estimate	Deterioration Cost/Yr	Deterioration Significance
General Common Areas				
1 Roof - Replace	20	\$80,000	\$4,000	16.84 %
2 Fence - Repaint	5	\$4,500	\$900	3.79 %
3 Fence - Replace	15	\$17,500	\$1,167	4.91 %
4 Buildings - Repaint	10	\$64,500	\$6,450	27.15 %
5 Parking Lot - Resurface	20	\$7,500	\$375	1.58 %
6 Parking Lot - Seal	5	\$1,000	\$200	0.84 %
7 Well - Refurbish	20	\$8,000	\$400	1.68 %
8 Entry Sign - Replace	12	\$1,500	\$125	0.53 %
9 Mailboxes	20	\$2,800	\$140	0.59 %
10 Hallways - refurb	10	\$65,000	\$6,500	27.36 %
11 Elevator - replace	25	\$75,000	\$3,000	12.63 %
12 Lobby - refurb	20	\$10,000	\$500	2.10 %
12 Total Funded Components			\$23,757	100.00 %

30-Year Reserve Plan Summary

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Fiscal Year Start: 2019	Interest: 1.00 %	Inflation: 3.00 %
Reserve Fund Strength Calculations: (All values of Fiscal Year Start Date)	Projected Reserve Balance Changes	

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase		Loan or Special Assmts	Interest Income	Reserve Expenses
					In Annual Reserve Contribs.	Reserve Contribs.			
2019	\$175,234	\$202,087	86.7 %	Low	17.00 %	\$28,080	\$0	\$1,525	\$75,000
2020	\$129,839	\$155,369	83.6 %	Low	3.00 %	\$28,922	\$0	\$1,450	\$0
2021	\$160,211	\$185,233	86.5 %	Low	3.00 %	\$29,790	\$0	\$1,642	\$23,340
2022	\$168,303	\$192,710	87.3 %	Low	3.00 %	\$30,684	\$0	\$1,837	\$1,639
2023	\$199,184	\$223,541	89.1 %	Low	3.00 %	\$31,604	\$0	\$1,789	\$73,721
2024	\$158,857	\$181,855	87.4 %	Low	3.00 %	\$32,552	\$0	\$1,713	\$9,274
2025	\$183,848	\$206,125	89.2 %	Low	3.00 %	\$33,529	\$0	\$1,566	\$89,554
2026	\$129,389	\$149,286	86.7 %	Low	3.00 %	\$34,535	\$0	\$1,428	\$8,978
2027	\$156,374	\$174,612	89.6 %	Low	3.00 %	\$35,571	\$0	\$1,750	\$0
2028	\$193,694	\$210,847	91.9 %	Low	3.00 %	\$36,638	\$0	\$2,123	\$1,305
2029	\$231,151	\$247,755	93.3 %	Low	3.00 %	\$37,737	\$0	\$2,512	\$0
2030	\$271,400	\$288,073	94.2 %	Low	3.00 %	\$38,869	\$0	\$2,922	\$0
2031	\$313,191	\$330,586	94.7 %	Low	3.00 %	\$40,035	\$0	\$3,315	\$6,416
2032	\$350,125	\$368,783	94.9 %	Low	3.00 %	\$41,236	\$0	\$3,134	\$117,483
2033	\$277,013	\$294,773	94.0 %	Low	3.00 %	\$42,474	\$0	\$2,499	\$99,075
2034	\$222,911	\$238,582	93.4 %	Low	3.00 %	\$43,748	\$0	\$2,447	\$2,337
2035	\$266,769	\$281,455	94.8 %	Low	3.00 %	\$45,060	\$0	\$2,382	\$104,306
2036	\$209,906	\$221,730	94.7 %	Low	3.00 %	\$46,412	\$0	\$2,159	\$36,363
2037	\$222,114	\$231,372	96.0 %	Low	3.00 %	\$47,804	\$0	\$2,471	\$0
2038	\$272,390	\$279,971	97.3 %	Low	3.00 %	\$49,238	\$0	\$2,909	\$14,905
2039	\$309,632	\$315,925	98.0 %	Low	3.00 %	\$50,716	\$0	\$3,365	\$0
2040	\$363,713	\$369,597	98.4 %	Low	3.00 %	\$52,237	\$0	\$3,916	\$0
2041	\$419,867	\$426,205	98.5 %	Low	3.00 %	\$53,804	\$0	\$4,445	\$8,622
2042	\$469,493	\$476,996	98.4 %	Low	3.00 %	\$55,418	\$0	\$4,995	\$0
2043	\$529,906	\$539,598	98.2 %	Low	3.00 %	\$57,081	\$0	\$4,941	\$133,148
2044	\$458,781	\$468,385	97.9 %	Low	3.00 %	\$58,793	\$0	\$4,031	\$173,784
2045	\$347,822	\$354,673	98.1 %	Low	2.50 %	\$60,263	\$0	\$2,984	\$161,744
2046	\$249,325	\$251,487	99.1 %	Low	2.50 %	\$61,770	\$0	\$2,717	\$19,547
2047	\$294,264	\$293,251	100.3 %	Low	2.50 %	\$63,314	\$0	\$3,274	\$0
2048	\$360,852	\$358,033	100.8 %	Low	2.50 %	\$64,897	\$0	\$3,939	\$2,357

30-Year Income/Expense Detail

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Fiscal Year	2019	2020	2021	2022	2023
Starting Reserve Balance	\$175,234	\$129,839	\$160,211	\$168,303	\$199,184
Annual Reserve Contribution	\$28,080	\$28,922	\$29,790	\$30,684	\$31,604
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,525	\$1,450	\$1,642	\$1,837	\$1,789
Total Income	\$204,839	\$160,211	\$191,643	\$200,823	\$232,578
# Component					
General Common Areas					
1 Roof - Replace	\$0	\$0	\$0	\$0	\$0
2 Fence - Repaint	\$0	\$0	\$4,774	\$0	\$0
3 Fence - Replace	\$0	\$0	\$18,566	\$0	\$0
4 Buildings - Repaint	\$0	\$0	\$0	\$0	\$72,595
5 Parking Lot - Resurface	\$0	\$0	\$0	\$0	\$0
6 Parking Lot - Seal	\$0	\$0	\$0	\$0	\$1,126
7 Well - Refurbish	\$0	\$0	\$0	\$0	\$0
8 Entry Sign - Replace	\$0	\$0	\$0	\$1,639	\$0
9 Mailboxes	\$0	\$0	\$0	\$0	\$0
10 Hallways - refurb	\$0	\$0	\$0	\$0	\$0
11 Elevator - replace	\$75,000	\$0	\$0	\$0	\$0
12 Lobby - refurb	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$75,000	\$0	\$23,340	\$1,639	\$73,721
Ending Reserve Balance	\$129,839	\$160,211	\$168,303	\$199,184	\$158,857

Fiscal Year	2024	2025	2026	2027	2028
Starting Reserve Balance	\$158,857	\$183,848	\$129,389	\$156,374	\$193,694
Annual Reserve Contribution	\$32,552	\$33,529	\$34,535	\$35,571	\$36,638
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,713	\$1,566	\$1,428	\$1,750	\$2,123
Total Income	\$193,122	\$218,943	\$165,352	\$193,694	\$232,456
# Component					
General Common Areas					
1 Roof - Replace	\$0	\$0	\$0	\$0	\$0
2 Fence - Repaint	\$0	\$0	\$5,534	\$0	\$0
3 Fence - Replace	\$0	\$0	\$0	\$0	\$0
4 Buildings - Repaint	\$0	\$0	\$0	\$0	\$0
5 Parking Lot - Resurface	\$0	\$0	\$0	\$0	\$0
6 Parking Lot - Seal	\$0	\$0	\$0	\$0	\$1,305
7 Well - Refurbish	\$9,274	\$0	\$0	\$0	\$0
8 Entry Sign - Replace	\$0	\$0	\$0	\$0	\$0
9 Mailboxes	\$0	\$0	\$3,444	\$0	\$0
10 Hallways - refurb	\$0	\$77,613	\$0	\$0	\$0
11 Elevator - replace	\$0	\$0	\$0	\$0	\$0
12 Lobby - refurb	\$0	\$11,941	\$0	\$0	\$0
Total Expenses	\$9,274	\$89,554	\$8,978	\$0	\$1,305
Ending Reserve Balance	\$183,848	\$129,389	\$156,374	\$193,694	\$231,151

Fiscal Year	2029	2030	2031	2032	2033
Starting Reserve Balance	\$231,151	\$271,400	\$313,191	\$350,125	\$277,013
Annual Reserve Contribution	\$37,737	\$38,869	\$40,035	\$41,236	\$42,474
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,512	\$2,922	\$3,315	\$3,134	\$2,499
Total Income	\$271,400	\$313,191	\$356,541	\$394,496	\$321,985
# Component					
General Common Areas					
1 Roof - Replace	\$0	\$0	\$0	\$117,483	\$0
2 Fence - Repaint	\$0	\$0	\$6,416	\$0	\$0
3 Fence - Replace	\$0	\$0	\$0	\$0	\$0
4 Buildings - Repaint	\$0	\$0	\$0	\$0	\$97,562
5 Parking Lot - Resurface	\$0	\$0	\$0	\$0	\$0
6 Parking Lot - Seal	\$0	\$0	\$0	\$0	\$1,513
7 Well - Refurbish	\$0	\$0	\$0	\$0	\$0
8 Entry Sign - Replace	\$0	\$0	\$0	\$0	\$0
9 Mailboxes	\$0	\$0	\$0	\$0	\$0
10 Hallways - refurb	\$0	\$0	\$0	\$0	\$0
11 Elevator - replace	\$0	\$0	\$0	\$0	\$0
12 Lobby - refurb	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$6,416	\$117,483	\$99,075
Ending Reserve Balance	\$271,400	\$313,191	\$350,125	\$277,013	\$222,911

Fiscal Year	2034	2035	2036	2037	2038
Starting Reserve Balance	\$222,911	\$266,769	\$209,906	\$222,114	\$272,390
Annual Reserve Contribution	\$43,748	\$45,060	\$46,412	\$47,804	\$49,238
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,447	\$2,382	\$2,159	\$2,471	\$2,909
Total Income	\$269,106	\$314,211	\$258,477	\$272,390	\$324,537
# Component					
General Common Areas					
1 Roof - Replace	\$0	\$0	\$0	\$0	\$0
2 Fence - Repaint	\$0	\$0	\$7,438	\$0	\$0
3 Fence - Replace	\$0	\$0	\$28,925	\$0	\$0
4 Buildings - Repaint	\$0	\$0	\$0	\$0	\$0
5 Parking Lot - Resurface	\$0	\$0	\$0	\$0	\$13,151
6 Parking Lot - Seal	\$0	\$0	\$0	\$0	\$1,754
7 Well - Refurbish	\$0	\$0	\$0	\$0	\$0
8 Entry Sign - Replace	\$2,337	\$0	\$0	\$0	\$0
9 Mailboxes	\$0	\$0	\$0	\$0	\$0
10 Hallways - refurb	\$0	\$104,306	\$0	\$0	\$0
11 Elevator - replace	\$0	\$0	\$0	\$0	\$0
12 Lobby - refurb	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$2,337	\$104,306	\$36,363	\$0	\$14,905
Ending Reserve Balance	\$266,769	\$209,906	\$222,114	\$272,390	\$309,632

Fiscal Year	2039	2040	2041	2042	2043
Starting Reserve Balance	\$309,632	\$363,713	\$419,867	\$469,493	\$529,906
Annual Reserve Contribution	\$50,716	\$52,237	\$53,804	\$55,418	\$57,081
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,365	\$3,916	\$4,445	\$4,995	\$4,941
Total Income	\$363,713	\$419,867	\$478,116	\$529,906	\$591,929
# Component					
General Common Areas					
1 Roof - Replace	\$0	\$0	\$0	\$0	\$0
2 Fence - Repaint	\$0	\$0	\$8,622	\$0	\$0
3 Fence - Replace	\$0	\$0	\$0	\$0	\$0
4 Buildings - Repaint	\$0	\$0	\$0	\$0	\$131,115
5 Parking Lot - Resurface	\$0	\$0	\$0	\$0	\$0
6 Parking Lot - Seal	\$0	\$0	\$0	\$0	\$2,033
7 Well - Refurbish	\$0	\$0	\$0	\$0	\$0
8 Entry Sign - Replace	\$0	\$0	\$0	\$0	\$0
9 Mailboxes	\$0	\$0	\$0	\$0	\$0
10 Hallways - refurb	\$0	\$0	\$0	\$0	\$0
11 Elevator - replace	\$0	\$0	\$0	\$0	\$0
12 Lobby - refurb	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$8,622	\$0	\$133,148
Ending Reserve Balance	\$363,713	\$419,867	\$469,493	\$529,906	\$458,781

Fiscal Year	2044	2045	2046	2047	2048
Starting Reserve Balance	\$458,781	\$347,822	\$249,325	\$294,264	\$360,852
Annual Reserve Contribution	\$58,793	\$60,263	\$61,770	\$63,314	\$64,897
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$4,031	\$2,984	\$2,717	\$3,274	\$3,939
Total Income	\$521,605	\$411,069	\$313,811	\$360,852	\$429,688
# Component					
General Common Areas					
1 Roof - Replace	\$0	\$0	\$0	\$0	\$0
2 Fence - Repaint	\$0	\$0	\$9,996	\$0	\$0
3 Fence - Replace	\$0	\$0	\$0	\$0	\$0
4 Buildings - Repaint	\$0	\$0	\$0	\$0	\$0
5 Parking Lot - Resurface	\$0	\$0	\$0	\$0	\$0
6 Parking Lot - Seal	\$0	\$0	\$0	\$0	\$2,357
7 Well - Refurbish	\$16,750	\$0	\$0	\$0	\$0
8 Entry Sign - Replace	\$0	\$0	\$3,332	\$0	\$0
9 Mailboxes	\$0	\$0	\$6,220	\$0	\$0
10 Hallways - refurb	\$0	\$140,178	\$0	\$0	\$0
11 Elevator - replace	\$157,033	\$0	\$0	\$0	\$0
12 Lobby - refurb	\$0	\$21,566	\$0	\$0	\$0
Total Expenses	\$173,784	\$161,744	\$19,547	\$0	\$2,357
Ending Reserve Balance	\$347,822	\$249,325	\$294,264	\$360,852	\$427,332

Accuracy, Limitations, and Disclosures

Association Reserves and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Robert M. Nordlund, P.E., R.S., company Founder/CEO, is a California licensed Professional Engineer (Mechanical, #22322), and credentialed Reserve Specialist (#5). All work done by Association Reserves is performed under his Responsible Charge and is performed in accordance with National Reserve Study Standards (NRSS). There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the client's situation.

Per NRSS, information provided by official representative(s) of the client, vendors, and suppliers regarding financial details, component physical details and/or quantities, or historical issues/conditions will be deemed reliable, and is not intended to be used for the purpose of any type of audit, quality/forensic analysis, or background checks of historical records. As such, information provided to us has not been audited or independently verified.

Estimates for interest and inflation have been included, because including such estimates are more accurate than ignoring them completely. When we are hired to prepare Update reports, the client is considered to have deemed those previously developed component quantities as accurate and reliable, whether established by our firm or other individuals/firms (unless specifically mentioned in our Site Inspection Notes). During inspections our company standard is to establish measurements within 5% accuracy, and our scope includes visual inspection of accessible areas and components and does not include any destructive or other testing. Our work is done only for budget purposes. Uses or expectations outside our expertise and scope of work include, but are not limited to, project audit, quality inspection, and the identification of construction defects, hazardous materials, or dangerous conditions. Identifying hidden issues such as but not limited to plumbing or electrical problems are also outside our scope of work. Our estimates assume proper original installation & construction, adherence to recommended preventive maintenance, a stable economic environment, and do not consider frequency or severity of natural disasters. Our opinions of component Useful Life, Remaining Useful Life, and current or future cost estimates are not a warranty or guarantee of actual costs or timing.

Because the physical and financial status of the property, legislation, the economy, weather, owner expectations, and usage are all in a continual state of change over which we have no control, we do not expect that the events projected in this document will all occur exactly as planned. This Reserve Study is by nature a "one-year" document in need of being updated annually so that more accurate estimates can be incorporated. It is only because a long-term perspective improves the accuracy of near-term planning that this Report projects expenses into the future. We fully expect a number of adjustments will be necessary through the interim years to the cost and timing of expense projections and the funding necessary to prepare for those estimated expenses.

In this engagement our compensation is not contingent upon our conclusions, and our liability in any matter involving this Reserve Study is limited to our fee for services rendered.

Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area). Equivalent to Square Feet
GSY	Gross Square Yards (area). Equivalent to Square Yards
HP	Horsepower
LF	Linear Feet (length)
Effective Age	The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.
Fully Funded Balance (FFB)	The value of the deterioration of the Reserve Components. This is the fraction of life "used up" of each component multiplied by its estimated Current Replacement. While calculated for each component, it is summed together for an association total.
Inflation	Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on the "30-yr Income/Expense Detail" table.
Interest	Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary.
Percent Funded	The ratio, at a particular point in time (the first day of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.
Remaining Useful Life (RUL)	The estimated time, in years, that a common area component can be expected to continue to serve its intended function.
Useful Life (UL)	The estimated time, in years, that a common area component can be expected to serve its intended function.

APPENDIX

Certification:

Yes - we've elected to do it ourselves! We accept full responsibility for the accuracy of the information provided below and in the Component List. We understand that DIYReserveStudy.com will not verify the accuracy of the information submitted. We also acknowledge that DIYReserveStudy.com will not be responsible for updates or revisions to the Reserve Study Report required as a result of errors, omissions, or changes in the information that we provide to you.

Your Name:

Company or Title:

Your address:

City: State: Zip:

email address:

Telephone: Date:

Part 1: Association Information *(as you would like it to appear on the report)*

Association Name: # Units:

City, ST Zipcode:

Part 2: Budget & Reserve Balance Information

FY End:

This Report should cover the 12-month reporting period beginning:
 and ending:

(Note: this period should coincide with the Association's Fiscal Year)

Our total current budgeted assmt income is: \$ per (mo/qtr/yr)

Our total current budgeted Reserve contrib is: \$ per (mo/qtr/yr)

Our projected Reserve balance as-of the start date above will be: \$

Do interest earnings remain in the Reserve Account?

If yes, what is the net after tax annual interest rate? %

Client Provided Component Information

#	Component Name	Quantity/Description	UL	RUL	Current Cost
1	Roof - Replace	Approx 20,000 Sq Ft	20	13	\$80,000
2	Fence - Repaint	Approx 5400 Sq Ft (both sides)	5	2	\$4,500
3	Fence - Replace	Approx 450 Linear Ft	15	2	\$17,500
4	Buildings - Repaint	(8) Buildings	10	4	\$64,500
5	Parking Lot - Resurface	Small parking lot	20	19	\$7,500
6	Parking Lot - Seal	Small parking lot	5	4	\$1,000
7	Well - Refurbish	(1) well	20	5	\$8,000
8	Entry Sign - Replace	Sign and Frame	12	3	\$1,500
9	Mailboxes	(80) boxes (in lobby)	20	7	\$2,800
10	Hallways - refurb	Carpet and paint	10	6	\$65,000
11	Elevator - replace	(1) 3-stop	25	0	\$75,000
12	Lobby - refurb	Approx 750 Sq Ft + furniture	20	6	\$10,000
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