

# Vintage on the Bluffs HOA

## Level I Reserve Study



**Report Period – 3/01/08 – 12/31/08\***

**Client Reference Number ..... 11034**  
**Property Type ..... Condominiums**  
**Number of Units ..... 184**  
**Fiscal Year End..... December 31**  
  
**Date of Property Inspection ..... January 18th, 2008**  
**Inspector ..... Robert Forney**

**Report prepared on – Tuesday, February 26, 2008**

\* This report is being prepared for an abbreviated first year

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## ***Glossary of Commonly used Words and Phrases***

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## Executive Summary – Vintage on the Bluffs HOA - ID # 11034

Information to complete this Reserve Study was gathered on January 18th, 2008 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. **Note:** This report is being prepared for an abbreviated first year (3/1/08 – 12/31/08).

<b>Projected Starting Balance as of March 1, 2008</b>	<b>\$8,000</b>
<b>Ideal Reserve Balance as of March 1, 2008</b>	<b>\$356,117</b>
<b>Percent Funded as of March 1, 2008</b>	<b>2%</b>
<b>Recommended Reserve Contribution (per month)</b>	<b>\$10,450</b>
<b>Minimum Reserve Contribution (per month)</b>	<b>\$9,300</b>
<b>Recommended Special Assessment</b>	<b>\$0</b>
<b>Minimum Recommended Special Assessment</b>	<b>\$0</b>

Vintage on the Bluffs HOA is a 184-unit community consisting of apartment-style and townhouse-style condominiums. The property offers a pool area and park areas as amenities. Construction on the community was completed in 2004.

### Currently Programmed Projects

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

### Major Reserve Expenditures

The first major reserve expenditure is programmed to occur in fiscal year 2010. Projects programmed to occur in fiscal year 2010 include repainting the building trim surfaces (Comp# 202), and replacing the cardio equipment (Comp# 1407). We have programmed approximately \$160,992 in reserve funds or approximately 73% of fiscal year 2010's recommended starting balance towards the completion of these projects (see page 10).

### Significant Reserve Projects

The association's significant reserve projects include repainting the building trim (Comp# 202), replacing the roofs (Comp# 105), repainting the buildings (Comp# 201), and replacing the vinyl fencing (Comp# 1008). The fiscal significance of these components is approximately 29%, 21%, 19%, and 9% respectively (see page 8). 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 \$8,000 versus the ideal reserve balance of \$356,117 we find the association's reserve fund to be approximately 2% funded. This indicates a weak reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of \$10,450 (\$56.79/unit) per month. We have also included a minimum reserve contribution of \$9,300 (\$50.54/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 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. Forney has been conducting reserve studies for the past five years. After working for a notable national reserve study provider Mr. Forney started Complex Solutions Ltd. in 2001. Complex Solutions provides reserve study consulting services to clients primarily in Nevada, California and Utah. Mr. Forney holds a Bachelor of Science degree in Business Administration from Pepperdine University.

- Conducted over 300 reserve studies in the last five years.
- Created the proprietary software and databases used to prepare Complex Solutions' reserve studies. This proprietary software gives Complex Solutions the freedom and ability to create reports tailored to the individual clients needs.
- Projects have ranged in size from small apartment-style condominium communities to 1000+ Planned Unit Communities (PUD).
- Clients have ranged from developers interested in setting initial reserve accounts for communities under construction to high-rise communities, even an aero park (small airport).
- Active member of three local chapters of CAI (Nevada, Utah, and Channel Islands, CA).
- (2) Articles published in Community Interests.

## 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 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 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 payment.

## 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 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 the 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.

### **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 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 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.

### **Is it the law to have a Reserve Study conducted?**

The Government requires reserve analyses in approximately 20 States. Even if it is not currently governed by your State, the chances are very good that the documents of the association require the association to have a reserve fund established. This doesn't mean a Reserve Study is required, but how are you going to know you have enough funds in the account if you don't have the proper information? Some associations look at the Reserve fund and think that \$50,000 is a lot of money and they are in good shape. What they don't know is that the roof is going to 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 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, 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. 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.

### **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, 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.

### **What happens during the Property Inspection?**

The Property Inspection 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 Complex Solutions 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 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.

### **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 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 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 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.

## Funding Summary

### Beginning Assumptions

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# of units	184
Fiscal Year End	31-Dec
Projected Starting Reserve Balance	\$8,000
Ideal Starting Reserve Balance	\$356,117

### Economic Assumptions

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Current Inflation Rate	3.00%
Reported After-Tax Interest Rate	1.50%

### Current Reserve Status

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Current Balance as a % of Ideal Balance	2%
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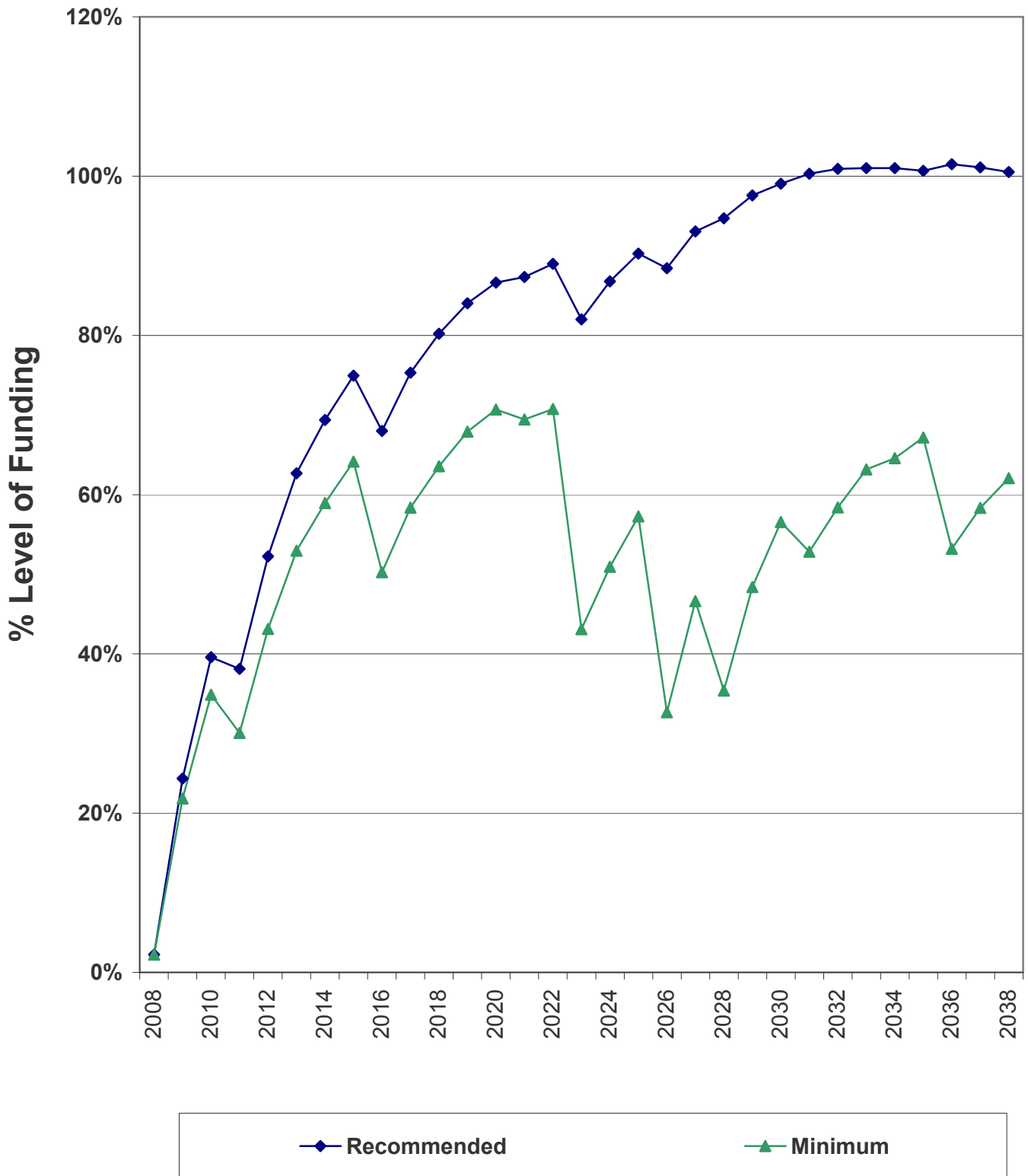
### Recommendations

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Recommended Monthly Reserve Allocation	\$10,450
Per Unit	\$56.79
Future Annual Increases	3.00%
For number of years:	5
Increases thereafter:	2.25%
Minimum Recommended Monthly Reserve Allocation	\$9,300
Per Unit	\$50.54
Future Annual Increases	3.00%
For number of years:	5
Increases thereafter:	2.25%



## Percent Funded - Graph



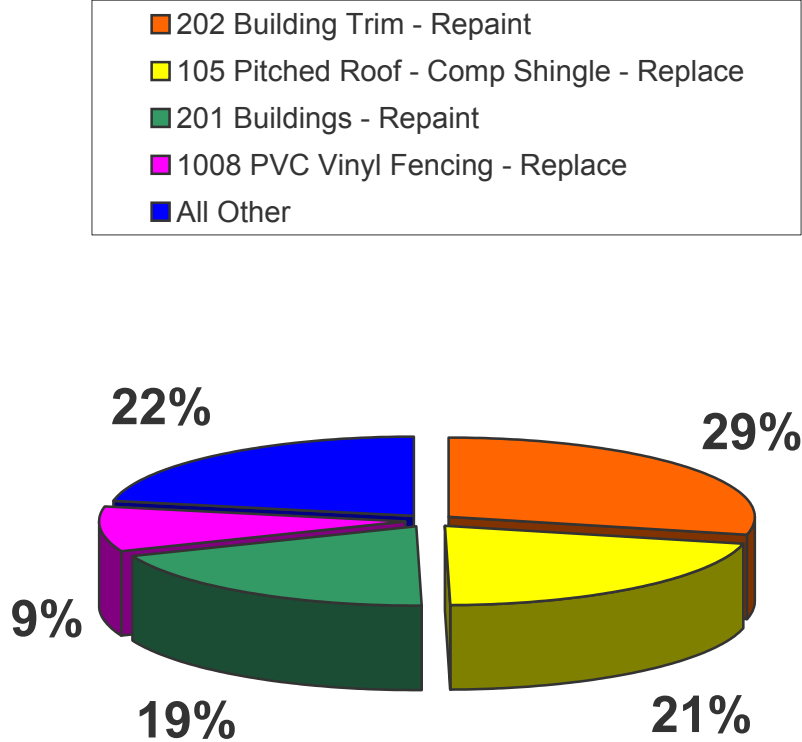
## Component Inventory

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Roofing	105	Pitched Roof - Comp Shingle - Repla	18	14	\$351,700	\$378,700
	123	Carport Roofs - Repair	5	3	\$1,650	\$2,050
Painted Surfaces	201	Buildings - Repaint	10	7	\$167,600	\$202,800
	202	Building Trim - Repaint	5	2	\$119,600	\$156,400
	207	Wrought Iron Fencing - Repaint	5	1	\$1,350	\$1,650
	216	Interior Surfaces - Repaint	10	5	\$3,100	\$4,550
Drive Materials	401	Asphalt - Overlay	24	19	\$142,500	\$161,900
	402	Asphalt - Slurry Seal	6	1	\$19,400	\$25,900
Prop. Identification	803	Mailboxes - Replace	N/A		\$0	\$0
Security	903	Security Camera System - Replace	10	6	\$5,000	\$7,000
Fencing	1002	Wrought Iron Fencing - Replace	20	15	\$7,500	\$9,000
	1008	PVC Vinyl Fencing - Replace	18	14	\$148,300	\$166,900
Pool/Spa	1101	Pool - Resurface	10	5	\$7,000	\$9,000
	1104	Pool Heater - Replace	10	5	\$3,000	\$3,500
	1107	Pool Filter - Replace	12	7	\$900	\$1,100
	1110	Pool Pump - Replace	N/A		\$0	\$0
Recreation Equip.	1301	Play Structures - Replace	18	14	\$24,000	\$32,000
	1302	Safety Padding - Replace	8	3	\$4,550	\$5,850
	1302	Swing Set - Replace	N/A		\$0	\$0
	1304	Drinking Fountain - Replace	8	3	\$800	\$1,000
	1306	Park Furniture - Replace	N/A		\$0	\$0
	1309	Wood Trellis - Replace	18	13	\$7,500	\$9,000
Interiors	1405	Furniture - Replace	10	5	\$4,000	\$6,000
	1406	Fitness Equipment - Replace	15	10	\$2,500	\$3,500
	1407	Cardio Equipment - Replace	7	2	\$12,500	\$15,000
	1413	Restrooms - Remodel	16	11	\$8,000	\$12,000
	1417	Kitchen - Remodel	18	14	\$5,000	\$7,000
Flooring	1501	Carpeting - Replace	10	5	\$1,250	\$1,550
Light Fixtures	1604	Pole Light Fixtures - Replace	18	13	\$18,000	\$24,000

## Significant Components

ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Pitched Roof - Comp Shingle - Replace	18	14	\$365,200	\$20,289	21.0771%
123	Carport Roofs - Repair	5	3	\$1,850	\$370	0.3844%
201	Buildings - Repaint	10	7	\$185,200	\$18,520	19.2395%
202	Building Trim - Repaint	5	2	\$138,000	\$27,600	28.6723%
207	Wrought Iron Fencing - Repaint	5	1	\$1,500	\$300	0.3117%
216	Interior Surfaces - Repaint	10	5	\$3,825	\$383	0.3974%
401	Asphalt - Overlay	24	19	\$152,200	\$6,342	6.5881%
402	Asphalt - Slurry Seal	6	1	\$22,650	\$3,775	3.9217%
903	Security Camera System - Replace	10	6	\$6,000	\$600	0.6233%
1002	Wrought Iron Fencing - Replace	20	15	\$8,250	\$413	0.4285%
1008	PVC Vinyl Fencing - Replace	18	14	\$157,600	\$8,756	9.0957%
1101	Pool - Resurface	10	5	\$8,000	\$800	0.8311%
1104	Pool Heater - Replace	10	5	\$3,250	\$325	0.3376%
1107	Pool Filter - Replace	12	7	\$1,000	\$83	0.0866%
1301	Play Structures - Replace	18	14	\$28,000	\$1,556	1.6160%
1302	Safety Padding - Replace	8	3	\$5,200	\$650	0.6753%
1304	Drinking Fountain - Replace	8	3	\$900	\$113	0.1169%
1309	Wood Trellis - Replace	18	13	\$8,250	\$458	0.4761%
1405	Furniture - Replace	10	5	\$5,000	\$500	0.5194%
1406	Fitness Equipment - Replace	15	10	\$3,000	\$200	0.2078%
1407	Cardio Equipment - Replace	7	2	\$13,750	\$1,964	2.0406%
1413	Restrooms - Remodel	16	11	\$10,000	\$625	0.6493%
1417	Kitchen - Remodel	18	14	\$6,000	\$333	0.3463%
1501	Carpeting - Replace	10	5	\$1,400	\$140	0.1454%
1604	Pole Light Fixtures - Replace	18	13	\$21,000	\$1,167	1.2120%

## Significant Components - Graph



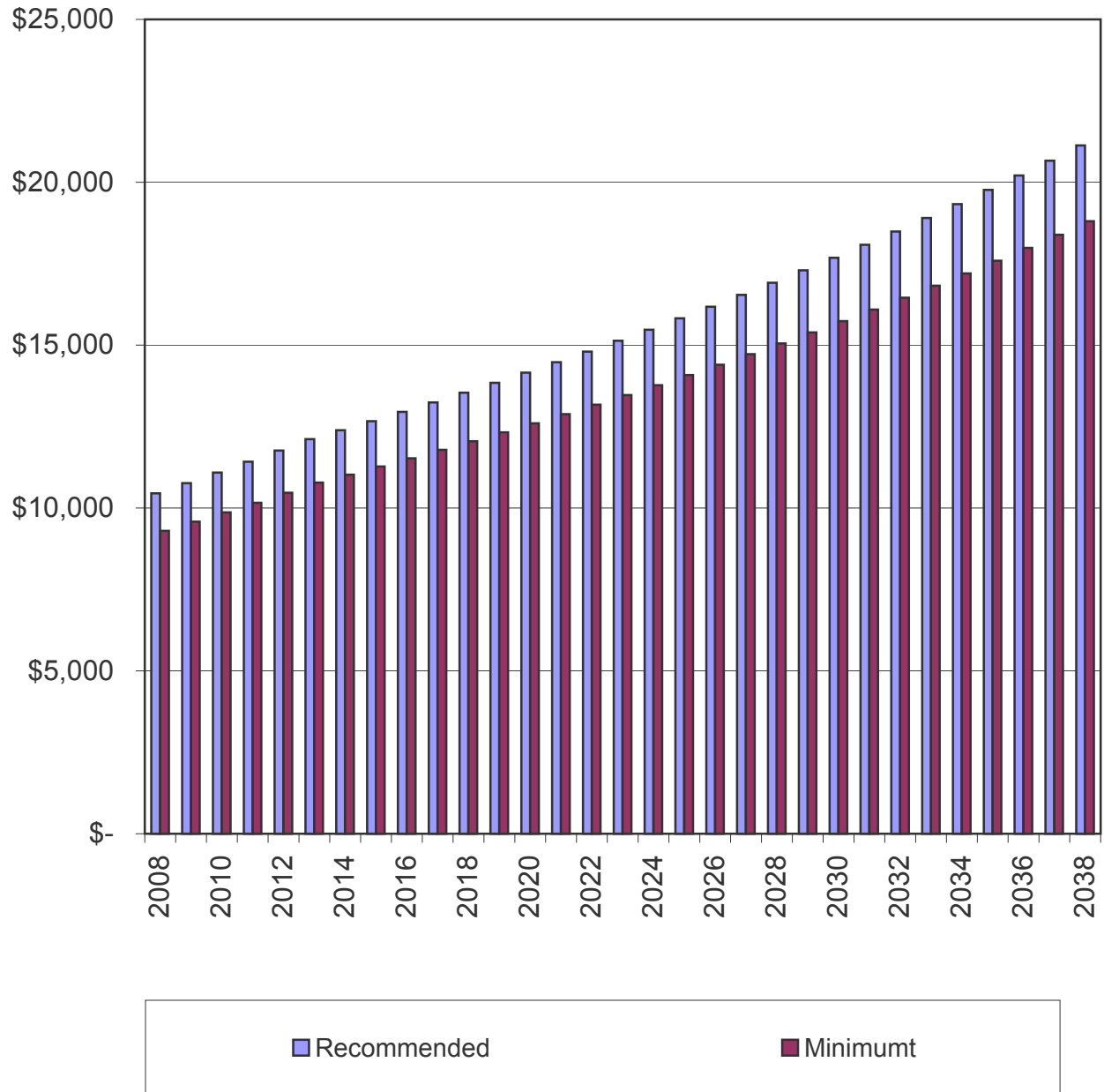
ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As \$	As %
202	Building Trim - Repaint	5	2	\$138,000	\$27,600	29%
105	Pitched Roof - Comp Shingle - Replac	18	14	\$365,200	\$20,289	21%
201	Buildings - Repaint	10	7	\$185,200	\$18,520	19%
1008	PVC Vinyl Fencing - Replace	18	14	\$157,600	\$8,756	9%
All Other	See Expanded Table For Breakdown				\$21,096	22%

## Yearly Summary

Year	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Reserve Contributions	Interest Income	Reserve Expenses
2008	\$356,117	\$8,000	2%	\$104,500	\$910	\$0
2009	\$465,949	\$113,410	24%	\$129,162	\$2,500	\$24,875
2010	\$556,429	\$220,198	40%	\$133,037	\$3,115	\$160,992
2011	\$512,486	\$195,358	38%	\$137,028	\$3,920	\$8,687
2012	\$627,255	\$327,618	52%	\$141,139	\$6,014	\$0
2013	\$757,664	\$474,771	63%	\$145,373	\$8,081	\$24,895
2014	\$869,692	\$603,329	69%	\$148,644	\$10,167	\$8,955
2015	\$1,004,946	\$753,185	75%	\$151,988	\$9,302	\$426,582
2016	\$717,655	\$487,894	68%	\$155,408	\$8,525	\$2,344
2017	\$862,368	\$649,483	75%	\$158,905	\$10,874	\$17,941
2018	\$999,126	\$801,322	80%	\$162,480	\$13,299	\$4,032
2019	\$1,158,193	\$973,069	84%	\$166,136	\$15,767	\$24,363
2020	\$1,305,090	\$1,130,610	87%	\$169,874	\$16,873	\$196,755
2021	\$1,282,946	\$1,120,602	87%	\$173,696	\$17,641	\$78,934
2022	\$1,385,735	\$1,233,006	89%	\$177,604	\$13,604	\$842,210
2023	\$709,801	\$582,004	82%	\$181,600	\$9,812	\$46,311
2024	\$837,864	\$727,106	87%	\$185,686	\$12,127	\$34,100
2025	\$986,980	\$890,819	90%	\$189,864	\$10,854	\$534,200
2026	\$630,240	\$557,337	88%	\$194,136	\$9,860	\$3,150
2027	\$814,696	\$758,184	93%	\$198,504	\$10,541	\$319,050
2028	\$684,371	\$648,178	95%	\$202,971	\$11,323	\$0
2029	\$883,974	\$862,472	98%	\$207,538	\$14,573	\$2,790
2030	\$1,092,064	\$1,081,792	99%	\$212,207	\$15,945	\$264,422
2031	\$1,042,448	\$1,045,521	100%	\$216,982	\$17,197	\$30,788
2032	\$1,237,687	\$1,248,912	101%	\$221,864	\$20,538	\$0
2033	\$1,476,365	\$1,491,314	101%	\$226,856	\$23,492	\$98,669
2034	\$1,626,621	\$1,642,993	101%	\$231,960	\$26,445	\$16,174
2035	\$1,872,581	\$1,885,223	101%	\$237,179	\$24,573	\$753,683
2036	\$1,372,701	\$1,393,292	102%	\$242,516	\$22,843	\$4,233
2037	\$1,636,365	\$1,654,419	101%	\$247,972	\$26,860	\$0

## Reserve Contributions - Graph

### Monthly Reserve Contributions



## Component Funding Information

ID	Component Name	Average Current Cost	Future Cost	Ideal Balance	Current Fund Balance	Monthly
105	Pitched Roof - Comp Shingle - Replace	\$365,200	\$552,398	\$81,156	\$0	\$2,202.56
123	Carport Roofs - Repair	\$1,850	\$2,022	\$740	\$0	\$40.17
201	Buildings - Repaint	\$185,200	\$227,773	\$55,560	\$0	\$2,010.53
202	Building Trim - Repaint	\$138,000	\$146,404	\$82,800	\$0	\$2,996.26
207	Wrought Iron Fencing - Repaint	\$1,500	\$1,545	\$1,200	\$1,200	\$32.57
216	Interior Surfaces - Repaint	\$3,825	\$4,434	\$1,913	\$0	\$41.52
401	Asphalt - Overlay	\$152,200	\$266,884	\$31,708	\$0	\$688.45
402	Asphalt - Slurry Seal	\$22,650	\$23,330	\$18,875	\$6,800	\$409.81
903	Security Camera System - Replace	\$6,000	\$7,164	\$2,400	\$0	\$65.14
1002	Wrought Iron Fencing - Replace	\$8,250	\$12,853	\$2,063	\$0	\$44.78
1008	PVC Vinyl Fencing - Replace	\$157,600	\$238,384	\$35,022	\$0	\$950.50
1101	Pool - Resurface	\$8,000	\$9,274	\$4,000	\$0	\$86.85
1104	Pool Heater - Replace	\$3,250	\$3,768	\$1,625	\$0	\$35.28
1107	Pool Filter - Replace	\$1,000	\$1,230	\$417	\$0	\$9.05
1301	Play Structures - Replace	\$28,000	\$42,353	\$6,222	\$0	\$168.87
1302	Safety Padding - Replace	\$5,200	\$5,682	\$3,250	\$0	\$70.56
1304	Drinking Fountain - Replace	\$900	\$983	\$563	\$0	\$12.21
1309	Wood Trellis - Replace	\$8,250	\$12,115	\$2,292	\$0	\$49.76
1405	Furniture - Replace	\$5,000	\$5,796	\$2,500	\$0	\$54.28
1406	Fitness Equipment - Replace	\$3,000	\$4,032	\$1,000	\$0	\$21.71
1407	Cardio Equipment - Replace	\$13,750	\$14,587	\$9,821	\$0	\$213.24
1413	Restrooms - Remodel	\$10,000	\$13,842	\$3,125	\$0	\$67.85
1417	Kitchen - Remodel	\$6,000	\$9,076	\$1,333	\$0	\$36.19
1501	Carpeting - Replace	\$1,400	\$1,623	\$700	\$0	\$15.20
1604	Pole Light Fixtures - Replace	\$21,000	\$30,839	\$5,833	\$0	\$126.65
				\$356,117	\$8,000	\$10,450

Current Fund Balance as a percentage of Ideal Balance: 2%



## Yearly Cash Flow

Year	2008	2009	2010	2011	2012
<b>Starting Balance</b>	\$8,000	\$113,410	\$220,198	\$195,358	\$327,618
<i>Reserve Income</i>	\$104,500	\$129,162	\$133,037	\$137,028	\$141,139
<i>Interest Earnings</i>	\$910	\$2,500	\$3,115	\$3,920	\$6,014
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$113,410	\$245,072	\$356,349	\$336,306	\$474,771
<b>Reserve Expenditures</b>	\$0	\$24,875	\$160,992	\$8,687	\$0
<b>Ending Balance</b>	\$113,410	\$220,198	\$195,358	\$327,618	\$474,771

Year	2013	2014	2015	2016	2017
<b>Starting Balance</b>	\$474,771	\$603,329	\$753,185	\$487,894	\$649,483
<i>Reserve Income</i>	\$145,373	\$148,644	\$151,988	\$155,408	\$158,905
<i>Interest Earnings</i>	\$8,081	\$10,167	\$9,302	\$8,525	\$10,874
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$628,225	\$762,141	\$914,476	\$651,827	\$819,262
<b>Reserve Expenditures</b>	\$24,895	\$8,955	\$426,582	\$2,344	\$17,941
<b>Ending Balance</b>	\$603,329	\$753,185	\$487,894	\$649,483	\$801,322

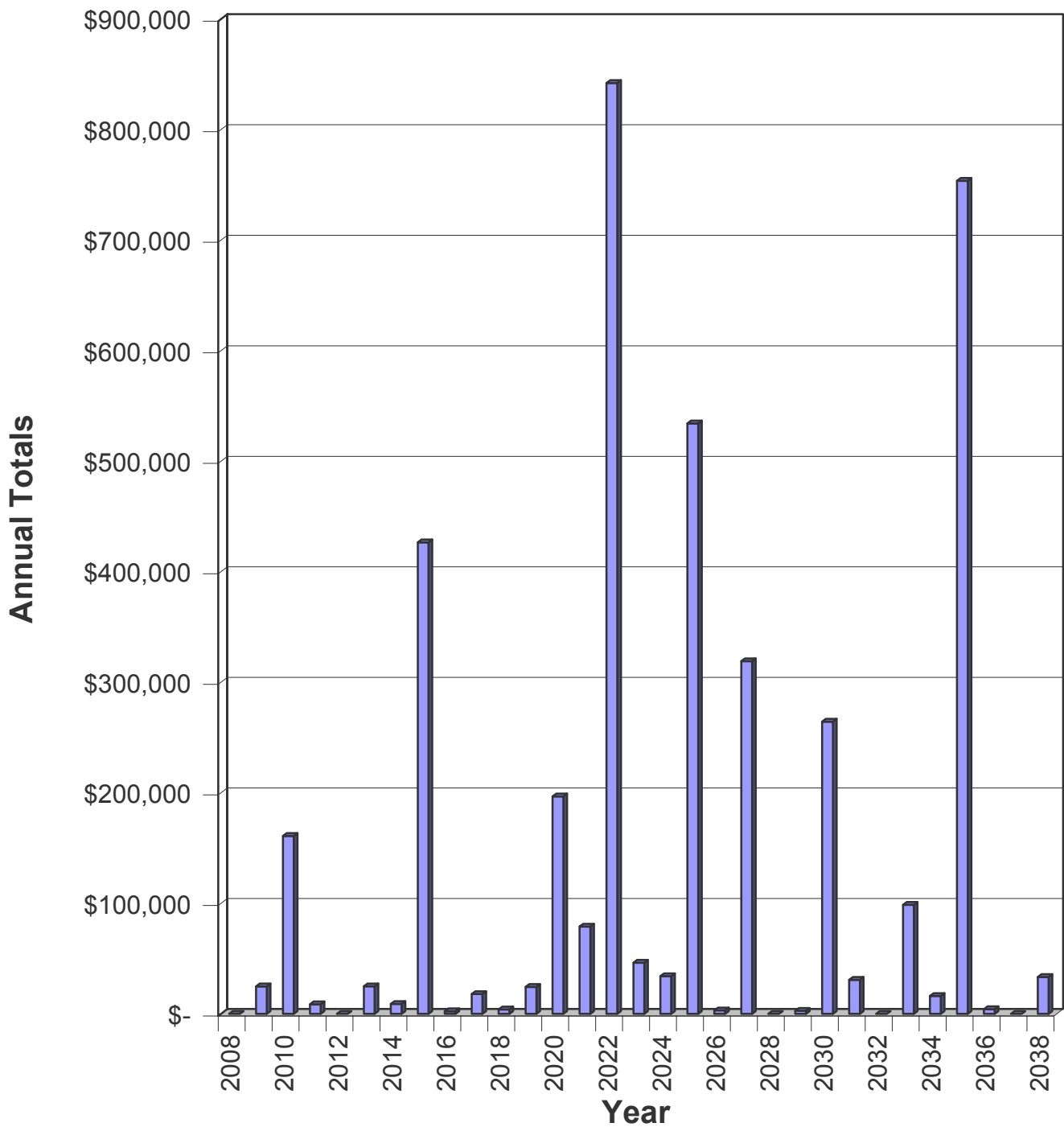
Year	2018	2019	2020	2021	2022
<b>Starting Balance</b>	\$801,322	\$973,069	\$1,130,610	\$1,120,602	\$1,233,006
<i>Reserve Income</i>	\$162,480	\$166,136	\$169,874	\$173,696	\$177,604
<i>Interest Earnings</i>	\$13,299	\$15,767	\$16,873	\$17,641	\$13,604
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$977,101	\$1,154,973	\$1,317,357	\$1,311,939	\$1,424,214
<b>Reserve Expenditures</b>	\$4,032	\$24,363	\$196,755	\$78,934	\$842,210
<b>Ending Balance</b>	\$973,069	\$1,130,610	\$1,120,602	\$1,233,006	\$582,004

Year	2023	2024	2025	2026	2027
<b>Starting Balance</b>	\$582,004	\$727,106	\$890,819	\$557,337	\$758,184
<i>Reserve Income</i>	\$181,600	\$185,686	\$189,864	\$194,136	\$198,504
<i>Interest Earnings</i>	\$9,812	\$12,127	\$10,854	\$9,860	\$10,541
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$773,416	\$924,919	\$1,091,537	\$761,333	\$967,229
<b>Reserve Expenditures</b>	\$46,311	\$34,100	\$534,200	\$3,150	\$319,050
<b>Ending Balance</b>	\$727,106	\$890,819	\$557,337	\$758,184	\$648,178

Year	2028	2029	2030	2031	2032
<b>Starting Balance</b>	\$648,178	\$862,472	\$1,081,792	\$1,045,521	\$1,248,912
<i>Reserve Income</i>	\$202,971	\$207,538	\$212,207	\$216,982	\$221,864
<i>Interest Earnings</i>	\$11,323	\$14,573	\$15,945	\$17,197	\$20,538
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$862,472	\$1,084,582	\$1,309,943	\$1,279,700	\$1,491,314
<b>Reserve Expenditures</b>	\$0	\$2,790	\$264,422	\$30,788	\$0
<b>Ending Balance</b>	\$862,472	\$1,081,792	\$1,045,521	\$1,248,912	\$1,491,314

Year	2033	2034	2035	2036	2037
<b>Starting Balance</b>	\$1,491,314	\$1,642,993	\$1,885,223	\$1,393,292	\$1,654,419
<i>Reserve Income</i>	\$226,856	\$231,960	\$237,179	\$242,516	\$247,972
<i>Interest Earnings</i>	\$23,492	\$26,445	\$24,573	\$22,843	\$26,860
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$1,741,662	\$1,901,398	\$2,146,976	\$1,658,651	\$1,929,251
<b>Reserve Expenditures</b>	\$98,669	\$16,174	\$753,683	\$4,233	\$0
<b>Ending Balance</b>	\$1,642,993	\$1,885,223	\$1,393,292	\$1,654,419	\$1,929,251

## Yearly Reserve Expenditures - Graph



## Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2008		No Expenditures Projected		\$0
2009	207	Wrought Iron Fencing - Repaint	\$1,545	
	402	Asphalt - Slurry Seal	\$23,330	\$24,875
2010	202	Building Trim - Repaint	\$146,404	
	1407	Cardio Equipment - Replace	\$14,587	\$160,992
2011	123	Carport Roofs - Repair	\$2,022	
	1302	Safety Padding - Replace	\$5,682	
	1304	Drinking Fountain - Replace	\$983	\$8,687
2012		No Expenditures Projected		\$0
2013	216	Interior Surfaces - Repaint	\$4,434	
	1101	Pool - Resurface	\$9,274	
	1104	Pool Heater - Replace	\$3,768	
	1405	Furniture - Replace	\$5,796	
	1501	Carpeting - Replace	\$1,623	\$24,895
2014	207	Wrought Iron Fencing - Repaint	\$1,791	
	903	Security Camera System - Replace	\$7,164	\$8,955
2015	201	Buildings - Repaint	\$227,773	
	202	Building Trim - Repaint	\$169,723	
	402	Asphalt - Slurry Seal	\$27,857	
	1107	Pool Filter - Replace	\$1,230	\$426,582
2016	123	Carport Roofs - Repair	\$2,344	\$2,344
2017	1407	Cardio Equipment - Replace	\$17,941	\$17,941
2018	1406	Fitness Equipment - Replace	\$4,032	\$4,032
2019	207	Wrought Iron Fencing - Repaint	\$2,076	
	1302	Safety Padding - Replace	\$7,198	
	1304	Drinking Fountain - Replace	\$1,246	
	1413	Restrooms - Remodel	\$13,842	\$24,363
2020	202	Building Trim - Repaint	\$196,755	\$196,755
2021	123	Carport Roofs - Repair	\$2,717	
	402	Asphalt - Slurry Seal	\$33,262	
	1309	Wood Trellis - Replace	\$12,115	
	1604	Pole Light Fixtures - Replace	\$30,839	\$78,934
2022	105	Pitched Roof - Comp Shingle - Replace	\$552,398	
	1008	PVC Vinyl Fencing - Replace	\$238,384	
	1301	Play Structures - Replace	\$42,353	
	1417	Kitchen - Remodel	\$9,076	\$842,210
2023	216	Interior Surfaces - Repaint	\$5,959	
	1002	Wrought Iron Fencing - Replace	\$12,853	
	1101	Pool - Resurface	\$12,464	
	1104	Pool Heater - Replace	\$5,063	
	1405	Furniture - Replace	\$7,790	
	1501	Carpeting - Replace	\$2,181	\$46,311
2024	207	Wrought Iron Fencing - Repaint	\$2,407	
	903	Security Camera System - Replace	\$9,628	
	1407	Cardio Equipment - Replace	\$22,065	\$34,100

Year	Comp ID	Component Name	Projected Cost	Total Per Annum
2025	201	Buildings - Repaint	\$306,107	
	202	Building Trim - Repaint	\$228,093	\$534,200
2026	123	Carport Roofs - Repair	\$3,150	\$3,150
2027	401	Asphalt - Overlay	\$266,884	
	402	Asphalt - Slurry Seal	\$39,717	
	1107	Pool Filter - Replace	\$1,754	
	1302	Safety Padding - Replace	\$9,118	
	1304	Drinking Fountain - Replace	\$1,578	\$319,050
2028		No Expenditures Projected		\$0
2029	207	Wrought Iron Fencing - Repaint	\$2,790	\$2,790
2030	202	Building Trim - Repaint	\$264,422	\$264,422
2031	123	Carport Roofs - Repair	\$3,651	
	1407	Cardio Equipment - Replace	\$27,137	\$30,788
2032		No Expenditures Projected		\$0
2033	216	Interior Surfaces - Repaint	\$8,009	
	402	Asphalt - Slurry Seal	\$47,424	
	1101	Pool - Resurface	\$16,750	
	1104	Pool Heater - Replace	\$6,805	
	1405	Furniture - Replace	\$10,469	
	1406	Fitness Equipment - Replace	\$6,281	
	1501	Carpeting - Replace	\$2,931	\$98,669
2034	207	Wrought Iron Fencing - Repaint	\$3,235	
	903	Security Camera System - Replace	\$12,940	\$16,174
2035	201	Buildings - Repaint	\$411,383	
	202	Building Trim - Repaint	\$306,538	
	1302	Safety Padding - Replace	\$11,551	
	1304	Drinking Fountain - Replace	\$1,999	
	1413	Restrooms - Remodel	\$22,213	\$753,683
2036	123	Carport Roofs - Repair	\$4,233	\$4,233
2037		No Expenditures Projected		\$0
2038	1407	Cardio Equipment - Replace	\$33,375	\$33,375

## Component Evaluation

Comp #: 105 Pitched Roof - Comp Shingle - Replace



*Location:* Building roofs

*Quantity:* Approx 180,350 Sq.ft.

*Life Expectancy:* 18 *Remaining Life:* 14

*Best Cost:* \$351,700

\$1.95/Sq.ft.; Estimate to replace roof

*Worst Cost:* \$378,700

\$2.10/Sq.ft.; Higher estimate for more labor costs

*Source of Information:* CSL Cost Database

### *Observations:*

All shingles are intact and in good condition with no problems noted at time of inspection. Typically this type of roofing material has a useful life of approximately 18 years. Inspect roofs regularly and make local repairs as necessary as an operating issue to ensure full life from this component. Remaining life based on current age and condition.

### *General Notes:*

#### Quantity breakdown:

121,500 Sq.ft. - Townhouses  
55,860 Sq.ft. - Condominiums  
2,990 Sq.ft. - Clubhouse

180,350 Sq.ft. - Total

Comp #: 123 Carport Roofs - Repair



Picture Unavailable

*Location:* Common area

*Quantity:* Approx 860 Sq.ft.

*Life Expectancy:* 5 *Remaining Life:* 3

*Best Cost:* \$1,650

\$19.00/Linear ft.; Estimate to repair approx 10% of roofs

*Worst Cost:* \$2,050

\$23.75/Sq.ft.; Higher estimate for more repairs

*Source of Information:* CSL Cost Database

*Observations:*

Carport roofs are in good condition. No expectation to completely replace carport roofs at one time. We recommend funding for an allowance to make periodic repairs.

*General Notes:*

**Quantity breakdown:**

110 Linear ft. - Almaden Cove

165 Linear ft. - Bridgeview Ct.

160 Linear ft. - Brunello Dr.

55 Linear ft. - Cabernet Dr.

55 Linear ft. - Rutherford Ave.

315 Linear ft. - Sonora Way

860 Linear ft. - Total

## Comp #: 201 Buildings - Repaint



*Location:* **Exterior building surfaces**

*Quantity:* **Approx 176,375 Sq.ft.**

*Life Expectancy:* **10 Remaining Life: 7**

*Best Cost:* **\$167,600**

\$0.95/Sq.ft.; Estimate to repaint stucco surfaces

*Worst Cost:* **\$202,800**

\$1.15/Sq.ft.; Higher estimate for more prep costs

*Source of Information:* CSL Cost Database

### *Observations:*

Painted stucco surfaces are generally in good condition, no significant staining or discoloration noted. We recommend painting these surfaces approximately every 8 to 10 years to maintain appearance. Remaining life based on current condition.

### *General Notes:*

#### **Quantity breakdown:**

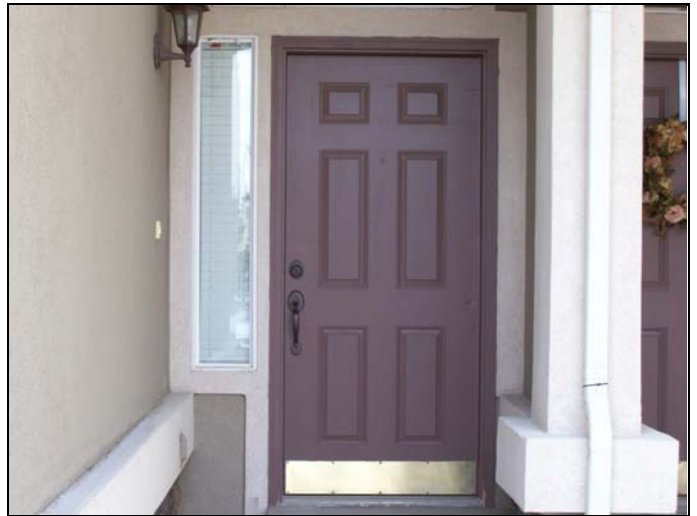
**121,500 Sq.ft. - Townhouses**

**52,800 Sq.ft. - Condominiums**

**2,075 Sq.ft. - Clubhouse**

**176,375 Sq.ft. - Total**

Comp #: 202 Building Trim - Repaint



*Location:* Railings, front doors, facia, siding, etc.

*Quantity:* (184) Units

*Life Expectancy:* 5 *Remaining Life:* 2

*Best Cost:* \$119,600

\$650/Unit; Estimate to repaint wood trim

*Worst Cost:* \$156,400

\$850/Unit; Higher estimate for more prep costs

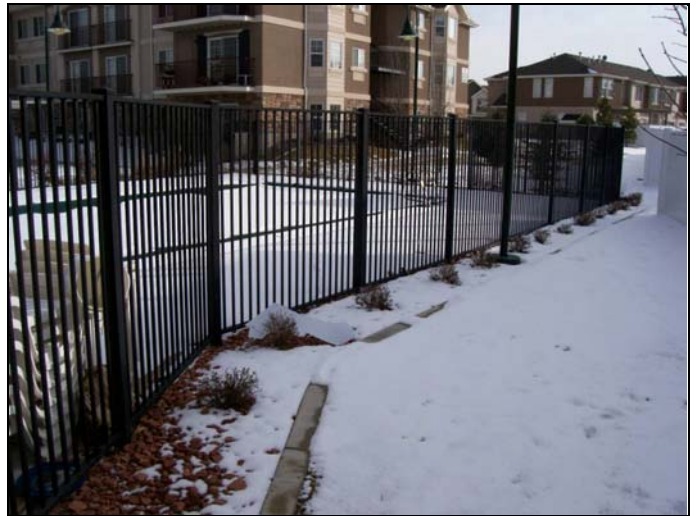
*Source of Information:* CSL Cost Database

*Observations:*

Trim surfaces are generally in good to fair condition. No significant rusting noted on railings, no fading or discoloration on siding or front doors. Repaint these surfaces approximately every 4 to 6 years to maintain appearance and protect metal. Remaining life based on current age and condition.

*General Notes:*

Comp #: 207 Wrought Iron Fencing - Repaint



*Location:* Pool fence

*Quantity:* Approx 150 Linear ft.

*Life Expectancy:* 5 *Remaining Life:* 1

*Best Cost:* \$1,350

\$9.00/Linear ft.; Estimate to repaint iron fence

*Worst Cost:* \$1,650

\$11.00/Linear ft; Higher estimate for additional prep work

*Source of Information:* CSL Cost Database

*Observations:*

Painted wrought iron surfaces are in good to fair condition, no rusting or broken welds noted. Repaint this component approximately every 5 years to maintain appearance and protect metal surfaces. Remaining life based on current condition.

*General Notes:*

## Comp #: 216 Interior Surfaces - Repaint



*Location:* Clubhouse interior

*Quantity:* Approx 4,775 Sq.ft.

*Life Expectancy:* 10 *Remaining Life:* 5

*Best Cost:* \$3,100

\$.65/Sq.ft.; Estimate to repaint

*Worst Cost:* \$4,550

\$.95/Sq.ft.; Higher estimate

*Source of Information:* CSL Cost Database

### *Observations:*

Interior painted surfaces are in fair condition. Some local marking noted but no significant appearance concerns observed. Expect to repaint these surfaces approximately every 10 years to maintain appearance.

### *General Notes:*

#### Quantity breakdown:

1,650 Sq.ft. - Fitness room

590 Sq.ft. - Hallway

385 Sq.ft. - Kitchen

1,150 Sq.ft. - Main room

1,000 Sq.ft. - Restrooms

4,775 Sq.ft. - Total

Comp #: 401 Asphalt - Overlay



*Location:* **Community streets**

*Quantity:* **Approx 129,500 Sq.ft.**

*Life Expectancy:* **24** *Remaining Life:* **19**

*Best Cost:* **\$142,500**

\$1.10/Sq.ft.; Estimate for overlay

*Worst Cost:* **\$161,900**

\$1.25/Sq.ft.; Higher estimate for local repairs

*Source of Information:* CSL Cost Database

*Observations:*

Asphalt streets are in good condition. No cracking or structural problems noted at the time of inspection. Seal these streets regularly (see Comp# 402 Asphalt - Slurry Seal) to protect surface and ensure full life.

*General Notes:*

**Quantity breakdown:**

4,650 Sq.ft. - Almaden Cove  
6,600 Sq.ft. - Bridgeview Ct.  
14,400 Sq.ft. - Brunello Dr.  
26,125 Sq.ft. - Cabernet Dr.  
7,625 Sq.ft. - Chardonnay Way  
4,250 Sq.ft. - Julien Cv.  
17,400 Sq.ft. - Napa Ave.  
27,150 Sq.ft. - Rutherford Ave.  
21,300 Sq.ft. - Sonora Way

**125,500 Sq.ft. - Total**

Comp #: 402 Asphalt - Slurry Seal



*Location:* **Community streets**

*Quantity:* **Approx 129,500 Sq.ft.**

*Life Expectancy:* **6** *Remaining Life:* **1**

*Best Cost:* **\$19,400**

\$0.15/Sq.ft.; Estimate for seal coat only

*Worst Cost:* **\$25,900**

\$0.20/Sq.ft.; Higher estimate for local repairs

*Source of Information:* CSL Cost Database

*Observations:*

Asphalt seal coat is in good to fair condition. Some drying noted but no significant cracking observed. Seal asphalt surfaces regularly to prevent premature overlay (see Comp# 401 Asphalt - Overlay). Remaining life based on current condition.

*General Notes:*

**Quantity breakdown:**

4,650 Sq.ft. - Almaden Cove  
6,600 Sq.ft. - Bridgeview Ct.  
14,400 Sq.ft. - Brunello Dr.  
26,125 Sq.ft. - Cabernet Dr.  
7,625 Sq.ft. - Chardonnay Way  
4,250 Sq.ft. - Julien Cv.  
17,400 Sq.ft. - Napa Ave.  
27,150 Sq.ft. - Rutherford Ave.  
21,300 Sq.ft. - Sonora Way

**125,500 Sq.ft. - Total**

Comp #: 803 Mailboxes - Replace



Picture Unavailable

*Location:* Common area

*Quantity:* (12) Clusters

*Life Expectancy:* N/A *Remaining Life:*

*Best Cost:* \$0

*Worst Cost:* \$0

*Source of Information:*

*Observations:*

No problems noted at the time of inspection. Typically these mailboxes are owned and maintained by the postal service. No reserve funding necessary.

*General Notes:*

**Quantity breakdown:**

Cabernet Dr. - (1) 12-box, (1) 16-box

Chardonnay Way - (2) 12-box

Napa Ave. - (3) 12-box

Rutherford Ave. - (3) 12-box

Sonora Way - (2) 12-box

**Total - (12) Clusters**

Comp #: 903 Security Camera System - Replace



Picture Unavailable

*Location:* Clubhouse

*Quantity:* (1) System

*Life Expectancy:* 10 *Remaining Life:* 6

*Best Cost:* \$5,000

Estimate to replace

*Worst Cost:* \$7,000

Higher estimate

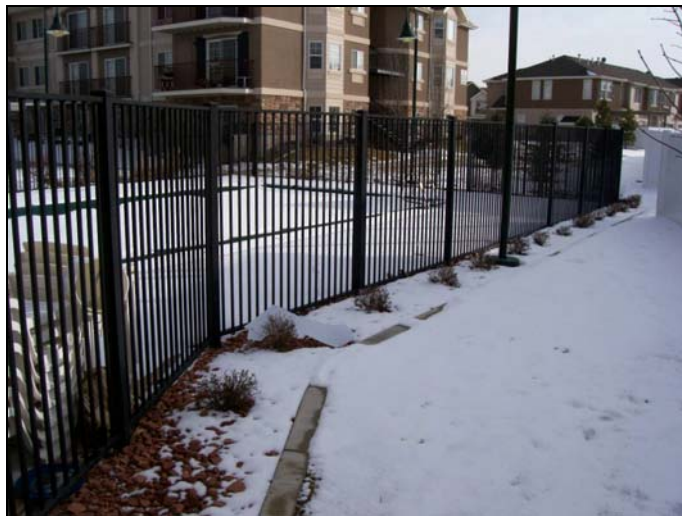
*Source of Information:* CSL Cost Database

*Observations:*

No problems noted or reported. We recommend funding to replace this security camera system approximately every 10 years to ensure proper function and keep up with current technology.

*General Notes:*

Comp #: 1002 Wrought Iron Fencing - Replace



*Location:* **Pool fence**

*Quantity:* **Approx 150 Linear ft.**

*Life Expectancy:* **20** *Remaining Life:* **15**

*Best Cost:* **\$7,500**

\$50/Linear ft.; Estimate to replace fence

*Worst Cost:* **\$9,000**

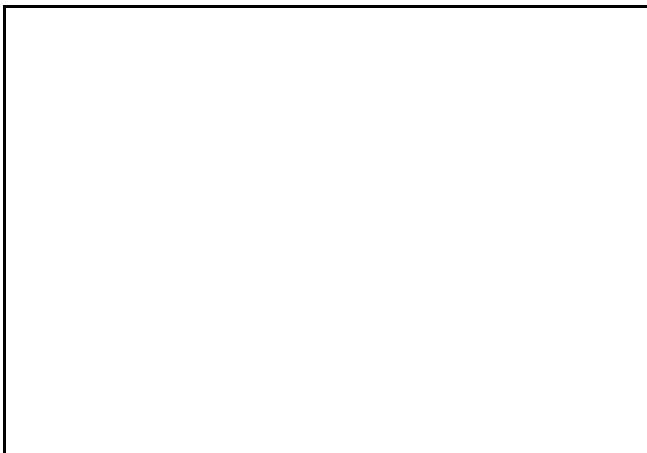
\$60/Linear ft.; Higher estimate for more labor

*Source of Information:* CSL Cost Database

*Observations:*

Fencing is in good condition. No significant rusting or structural problems noted at the time of inspection. With regular painting and maintenance, expect a useful life of 20 to 25 years from this component. Remaining life based on current age.

*General Notes:*



## Comp #: 1008 PVC Vinyl Fencing - Replace



*Location:*           **Perimeter fencing**

*Quantity:*           **Approx 4,635 Linear ft.**

*Life Expectancy:*   **18    Remaining Life: 14**

*Best Cost:*           **\$148,300**

\$32/Linear ft.; Estimate for PVC vinyl fence replacement

*Worst Cost:*           **\$166,900**

\$36/Linear ft.; Higher estimate for better quality material

*Source of Information:* CSL Cost Database

### *Observations:*

Fencing was observed to be in good condition at the time of inspection. Some minor warping noted in local areas, noted two missing rails at fencing north of Cabernet Drive. We recommend making local repairs as necessary as an operating expense and funding to completely replace this fencing on an 18-year schedule. Remaining life based on current age.

### *General Notes:*

#### **Quantity breakdown:**

**360 Linear ft. - W/I style perimeter fencing**

**660 Linear ft. - 2-rail perimeter fencing**

**3,615 Linear ft. - Privacy fencing**

**4,635 Linear ft. - Total**

Comp #: 1101 Pool - Resurface



Picture Unavailable

*Location:* **Pool area**

*Quantity:* **(1) Pool**

*Life Expectancy:* **10** *Remaining Life:* **5**

*Best Cost:* **\$7,000**

Estimate to replaster pool

*Worst Cost:* **\$9,000**

Higher estimate for local repairs

*Source of Information:* CSL Cost Database

*Observations:*

We were unable to inspect the pool plaster at the time of inspection. For the purposes of this report we have assumed pool plaster is in good condition and aging normally.

*General Notes:*

Comp #: 1104 Pool Heater - Replace

Picture Unavailable

Picture Unavailable

*Location:* **Pool equipment area**

*Quantity:* **(1) Heater**

*Life Expectancy:* **10** *Remaining Life:* **5**

*Best Cost:* **\$3,000**

Estimate to replace heater

*Worst Cost:* **\$3,500**

Higher estimate for more installation costs

*Source of Information:* CSL Cost Database

*Observations:*

No access to pool equipment room at the time of inspection. For the purposes of this report we have assumed heater is a typical 400,000 BTU heater and is aging normally.

*General Notes:*

Comp #: 1107 Pool Filter - Replace

Picture Unavailable

Picture Unavailable

*Location:* **Pool equipment area**

*Quantity:* **(1) Filter**

*Life Expectancy:* **12** *Remaining Life:* **7**

*Best Cost:* **\$900**

Estimate to replace filter

*Worst Cost:* **\$1,100**

Higher estimate for more installation costs

*Source of Information:* CSL Cost Database

*Observations:*

No access to pool equipment room at the time of inspection. For the purposes of this report we have assumed filter is in good condition and aging normally.

*General Notes:*

Comp #: 1110 Pool Pump - Replace

Picture Unavailable

Picture Unavailable

*Location:* **Pool equipment area**

*Quantity:* **(1) Pump**

*Life Expectancy:* **N/A** *Remaining Life:*

*Best Cost:* **\$0**

*Worst Cost:* **\$0**

*Source of Information:*

*Observations:*

Due to the minimal replacement cost associated with this pump we recommend repairing and replacing pump as necessary as an operating expense.

*General Notes:*

## Comp #: 1301 Play Structures - Replace



Picture Unavailable

*Location:* Common area

*Quantity:* (2) Structures

*Life Expectancy:* 18 *Remaining Life:* 14

*Best Cost:* \$24,000

\$12,000/unit; Estimate to replace play structure

*Worst Cost:* \$32,000

\$16,000/unit; Higher estimate for higher quality play structure

*Source of Information:* CSL Cost Database

### *Observations:*

Play structures are in good condition. No significant signs of wear or damage noted at the time of inspection. Expect a useful life of approximately 18 years from this component. Remaining life based on current age and condition.

### *General Notes:*

Comp #: 1302 Safety Padding - Replace



Picture Unavailable

*Location:* **Fitness room**

*Quantity:* **Approx 650 Sq.ft.**

*Life Expectancy:* **8** *Remaining Life:* **3**

*Best Cost:* **\$4,550**

\$7.00/Sq.ft.; Estimate to replace

*Worst Cost:* **\$5,850**

\$9.00/Sq.ft.; Higher estimate for more installation costs

*Source of Information:* CSL Cost Database

*Observations:*

Safety padding is in good condition. No surface loss or other problems noted. Expect a useful life of approximately 6 to 8 years from this component. Remaining life based on current condition.

*General Notes:*

Comp #: 1302 Swing Set - Replace



Picture Unavailable

*Location:* **Common area**  
*Quantity:* **(1) 2-Swing set**  
*Life Expectancy:* **N/A** *Remaining Life:*  
*Best Cost:* **\$0**

*Worst Cost:* **\$0**

*Source of Information:*

*Observations:*

Swing structure should reach an extended life, no expectation to replace structure. Replace swings as necessary as an operating expense. No reserve funding necessary.

*General Notes:*

Comp #: 1304 Drinking Fountain - Replace



Picture Unavailable

*Location:* **Fitness room**

*Quantity:* **(1) Fountain**

*Life Expectancy:* **8** *Remaining Life:* **3**

*Best Cost:* **\$800**

Estimate to replace

*Worst Cost:* **\$1,000**

Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

Drinking fountain is in good condition. No corrosion or damage noted. No signs of significant wear. Expect to replace these fountains approximately every 8 years.

*General Notes:*

Comp #: 1306 Park Furniture - Replace



*Location:* Common area

*Quantity:* (2) Pieces

*Life Expectancy:* N/A *Remaining Life:*

*Best Cost:* \$0

*Worst Cost:* \$0

*Source of Information:*

*Observations:*

Due to the minia quantity of furniture we recommend replacing these items individually as an operating expense. No reserve funding necessary.

*General Notes:*

**Quantity breakdown:**

- (1) Picnic table
- (1) Bench

Comp #: 1309 Wood Trellis - Replace



*Location:* Common area

*Quantity:* (3) 15 X 6 ft. structures

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

*Best Cost:* \$7,500  
\$2,500/Structure; Estimate to replace

*Worst Cost:* \$9,000  
\$3,000/Structure; Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

Structures are in good condition. We recommend funding to replace these structures approximately every 18 years to ensure appearance.

*General Notes:*

Comp #: 1405 Furniture - Replace



*Location:* Clubhouse interior

*Quantity:* See general notes

*Life Expectancy:* 10 *Remaining Life:* 5

*Best Cost:* \$4,000

Allowance to replace

*Worst Cost:* \$6,000

Higher allowance

*Source of Information:* CSL Cost Database

*Observations:*

Furniture is generally in good to fair condition. No significant signs of wear or appearance concerns noted at the time of inspection. Reserve to make significant replacements to furniture approximately every 10 years to maintain appearance and keep up with decorative tastes.

*General Notes:*

**Quantity breakdown:**

- (1) TV
- (1) Love seat
- (1) Padded chair with ottoman
- (1) Couch
- (1) Padded chair
- (2) End tables
- (1) Coffee table
- (2) Lamps
- (1) Side table
- (4) Art

Comp #: 1406 Fitness Equipment - Replace



*Location:* **Fitness room**

*Quantity:* **(2) Pieces**

*Life Expectancy:* **15** *Remaining Life:* **10**

*Best Cost:* **\$2,500**

Estimate to replace

*Worst Cost:* **\$3,500**

Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

Universal machine is in good condition. No rips or tears in upholstery, no broken cables observed. We recommend replacing the heavy bag as necessary as an operating expense and funding to completely replace universal machine and bag stand every 15 years.

*General Notes:*

**Quantity breakdown:**

**(1) 3-Station universal**

**(1) Heavy bag**

Comp #: 1407 Cardio Equipment - Replace



*Location:* **Fitness room**

*Quantity:* **(5) Pieces**

*Life Expectancy:* **7** *Remaining Life:* **2**

*Best Cost:* **\$12,500**  
\$2,500/Piece; Estimate to replace

*Worst Cost:* **\$15,000**  
\$3,000/Piece; Higher estimate

*Source of Information:* CSL Cost Database

*Observations:*

Cardio fitness equipment is in fair condition. No evidence of advanced wear or damage but equipment is generally older. Due to higher use and wear expect to replace this equipment approximately every 7 years.

*General Notes:*

**Quantity breakdown:**

- (2) Life Fitness 8500 treadmills**
- (1) Life Fitness 8500 elliptical**
- (1) Life Fitness 8500 bike**
- (1) Life Fitness 8500 stair stepper**

**(5) Pieces**

## Comp #: 1413 Restrooms - Remodel



*Location:* Clubhouse interior

*Quantity:* (2) Restrooms

*Life Expectancy:* 16 *Remaining Life:* 11

*Best Cost:* \$8,000

\$4,000/Restroom; Estimate to remodel restrooms

*Worst Cost:* \$12,000

\$6,000/Restroom; Higher estimate for more extensive remodel

*Source of Information:* CSL Cost Database

### *Observations:*

Restrooms are in good condition. No appearance concerns noted at the time of inspection. We recommend funding to generally remodel and refurbish these restrooms approximately every 16 years to maintain appearance and keep up with current decorative tastes.

### *General Notes:*

#### At each restroom:

175 Sq.ft. - Tile flooring

200 Sq.ft. - Tile wall

13 Linear ft. - Partitions

(2) Sinks

(1) Hand dryer

(1) Soap dispenser

(1) 6 X 3.5 ft. mirror

(1) 3 X 5 ft. fiberglass shower

Men's: (1) urinal, (1) toilet

Women's: (2) toilets, 18 Linear ft. total partitions

## Comp #: 1417 Kitchen - Remodel



*Location:* Clubhouse interior

*Quantity:* (1) Kitchen

*Life Expectancy:* 18 *Remaining Life:* 14

*Best Cost:* \$5,000

Allowance to remodel

*Worst Cost:* \$7,000

Higher allowance

*Source of Information:* CSL Cost Database

### *Observations:*

Kitchen is in good condition. No signs of wear or appearance concerns noted. Expect to remodel kitchen approximately every 18 years to keep up with current decorative tastes and ensure proper function of appliances. Remaining life based on current age and condition.

### *General Notes:*

#### Quantity breakdown:

75 Sq.ft. - tile flooring  
385 Sq.ft. - painting surfaces  
6 ft. - countertop  
6 ft. - wall/base cabinets  
(1) Refrigerator  
(1) Microwave  
(1) Florescent light fixture

Comp #: 1501 Carpeting - Replace



Picture Unavailable

*Location:* Main room

*Quantity:* Approx 400 Sq.ft.

*Life Expectancy:* 10 *Remaining Life:* 5

*Best Cost:* \$1,250

\$3.10/Sq.ft.; Estimate to replace

*Worst Cost:* \$1,550

\$3.90/Sq.ft.; Higher estimate for better quality

*Source of Information:* CSL Cost Database

*Observations:*

Carpet is in fair condition. Some evidence of wear noted but no rips or curling seams observed at the time of inspection. Expect to replace this component approximately every 10 years assuming normal use and wear. Remaining life based on current age and condition.

*General Notes:*

## Comp #: 1604 Pole Light Fixtures - Replace



*Location:* Common area

*Quantity:* (24) Fixtures

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

*Best Cost:* \$18,000

\$750/Fixture; Estimate to replace light fixtures

*Worst Cost:* \$24,000

\$1,000/Fixture; Higher estimate for more installation costs

*Source of Information:* CSL Cost Database

### *Observations:*

No structural problems noted with lights at the time of inspection. Although the poles should reach an extended life we recommend funding to replace the pole light fixtures approximately every 18 years.

### *General Notes:*

#### Quantity breakdown:

- (1) Light - Bridgeview Ct.
- (1) Light - Brunello Dr.
- (4) Lights - Cabernet Dr.
- (3) Lights - Chardonnay Way
- (1) Light - Julien Cv.
- (1) Light - Napa Ave.
- (3) Lights - Pool area
- (5) Lights - Rutherford Ave.
- (5) Lights - Sonora Way

(24) Lights - Total

## Glossary of Commonly Used Words And Phrases

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

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

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

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

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

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

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

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

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

$$\text{FFB} = \text{Current Cost} * \text{Effective Age} / \text{Useful Life}$$

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

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

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

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



**Funding Principles –**

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

**GSF** - Gross Square Feet

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

**LF** - Linear Feet

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

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

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

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

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

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

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

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

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

