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VISTA DEL PARQUE

Level 2 Reserve Study Update (With Site-Visit)

Prepared For Fiscal Year 2015

November 24, 2014

Contents

Preface

This comprehensive reserve study report was produced using specialized web-based software powered by Global Reserves.

The individual responsible for report preparation and/or oversight is Robert Petrisin, RS.

Information contained in the report is considered reliable, but is not guaranteed. The report does not warrant against the contingency of unforseen conditions or circumstances, unreliable information, or an unpredictable inflationary or deflationary spiral. The report is not intended to predict precise expectations, but rather to chart the expectations that a reasonable person might anticipate in planning for the fiscal future. The scope of this report is expressly limited to the components described herein.

It is strongly recommended by the Reserve Study Industry to have this reserve study report updated on an annual basis to ensure the security of a long-term funding plan. These necessary updates provide statutory compliance (as applicable) and allow for adjustments due to actual year-end inflation rate, actual year-end reserve balance and the unpredictable nature of the lives of many of the reserve components under consideration.

Reserve Disclosures

Profile

Name	Vista Del Parque
Location	Redondo Beach, CA 90277
Units/General Type	32 / Condominium
Base Year / Age	1974 / 40
Fiscal Year Ends	December-31

Parameters

Level of Service	Level 2 Reserve Study Update (With Site-Visit)
Prepared for Fiscal Year (FY)	2015
Most Recent On-Site Inspection Date	October 29, 2014
Allocation Increase Rate	ref Cash Flow Analysis
Contingency Rate	ref Component Details
Inflation Rate	3.0%
Interest Rate / Tax Rate	1.0% / 30.0%
Interest Rate (net effective)	0.7%
Current Reserve Allocation	$4,188 per year
Current Reserve Balance	$63,633 as of September 30, 2014
Funding Plan - Method / Goal	Cash Flow / Baseline - $0 minimum FY End Balance

Summary

FY Start Balance	**$64,791**	*(projected to current FY end/next FY start)*
Fully Funded Balance	**$356,772**	
Percent Funded	**18%**	

Proposed Budget	*per year*	*per month*	*per unit per month*
Reserve Allocation	**$28,478**	**$2,373**	**Varies**

Association management/members need to understand that Percent Funded is a general indication of reserve strength and that the parameter fluctuates from year to year due to the Disbursement Schedule.

The Reserve Allocation was determined using the Funding Plan indicated above under the Parameters section. This allocation should be increased annually using the Allocation Increase Rate found in the Cash Flow Analysis.

Association management should budget the Reserve Allocation amount toward reserves for next fiscal year, to ensure the availability of reserves to fund future reserve component expenditures. This amount reflects an increase of 579.99 % from the Current Reserve Allocation. The Reserve Allocation must be reviewed and adjusted for inflation (and other vital factors) in succeeding years to ensure the- Security of a Successful Plan!

Reserve Disclosures

	Reserve Component	Current Cost	Useful Life	Remaining Life
01	**Coat/Paint/Stain**			
01.01	gym,paint	$2,714	10	1
01.02	rec room,paint	$2,236	10	5
01.03	stucco,paint	$47,302	12	8
01.04	wood trim,paint	$37,380	6	3
01.05	wrought iron,paint	$3,442	6	3
02	**Deck Compound**			
02.01	sundeck,gym,recoat	$1,329	8	4
02.02	sundeck,gym,resurface	$8,347	24	7
02.03	sundeck,rec room,recoat	$1,329	8	4
02.04	sundeck,rec room,resurface	$8,347	21	13
03	**Equipment**			
03.01	doors,common-unfunded	$0	999	999
03.02	fire sprinkler system,garage	$10,000	50	10
03.03	fixtures,light,bldg mount	$3,255	20	10
03.04	fixtures,light,garage	$4,095	20	10
03.05	fixtures,light,other	$4,620	20	10
03.06	fixtures,light,pillar/wall(upr front)	$1,155	20	20
03.07	fixtures,light,repair/replace	$6,259	20	10
03.08	furniture,patio,sundeck	$5,313	10	6
03.09	furniture,rec room	$3,024	15	6
03.10	gate operator,entry	$2,822	20	7
03.11	gate operator,exit	$2,822	15	9
03.12	gym equipment	$5,250	15	1
03.13	heater,sauna	$2,049	40	1
03.14	hvac,rec room	$864	10	1
03.15	irrigation,controller	$720	15	2
03.16	mailbox,CBUs	$3,465	20	10
03.17	safety loops,5920	$1,329	15	2
03.18	safety loops,5924	$1,329	15	12
03.19	water heater	$525	10	6
04	**Fencing**			
04.01	fence/rails,repair/replace(15%)	$3,783	12	3
04.02	gates,vehicular entry/exit	$6,300	30	15
05	**Pavement**			
05.01	concrete,repair/replace	$25,074	40	5

Reserve Disclosures

	Reserve Component	*Current Cost*	*Useful Life*	*Remaining Life*
05	**Pavement**			
05.02	concrete,tire stops	$8,158	45	6
06	**Restoration**			
06.01	bldg/waterproof,rehab	$31,999	40	20
06.02	bldg/wood,repairs	$37,800	30	3
06.03	electrical,repair/replace	$5,527	10	6
06.04	flooring,carpet,gym	$2,478	10	1
06.05	flooring,tile,rec room	$7,510	25	18
06.06	planters,reline	$14,700	30	15
06.07	waste lines,repair/replace	$30,000	50	10
06.08	water lines,repair/replace	$274,999	40	40
07	**Roofs**			
07.01	gutters/downspouts	$22,963	30	12
07.02	low slope roof	$47,892	18	12
07.03	roof access	$10,000	40	40
07.04	skylight	$1,163	40	1
07.05	tile roof	$117,902	40	21
08	**Spas**			
08.01	border tile,spa,repair/replace	$331	25	21
08.02	filter,spa	$1,155	10	5
08.03	heater,spa	$2,625	10	8
08.04	pump,spa filter	$999	8	8
08.05	pump,spa jets	$1,958	8	4
08.06	spa,rehab	$2,326	10	6
09	**Termite**			
09.01	termite control/fumigation	$30,240	15	10
Grand Total:	**52**	**$859,204**		

Cash Flow Analysis

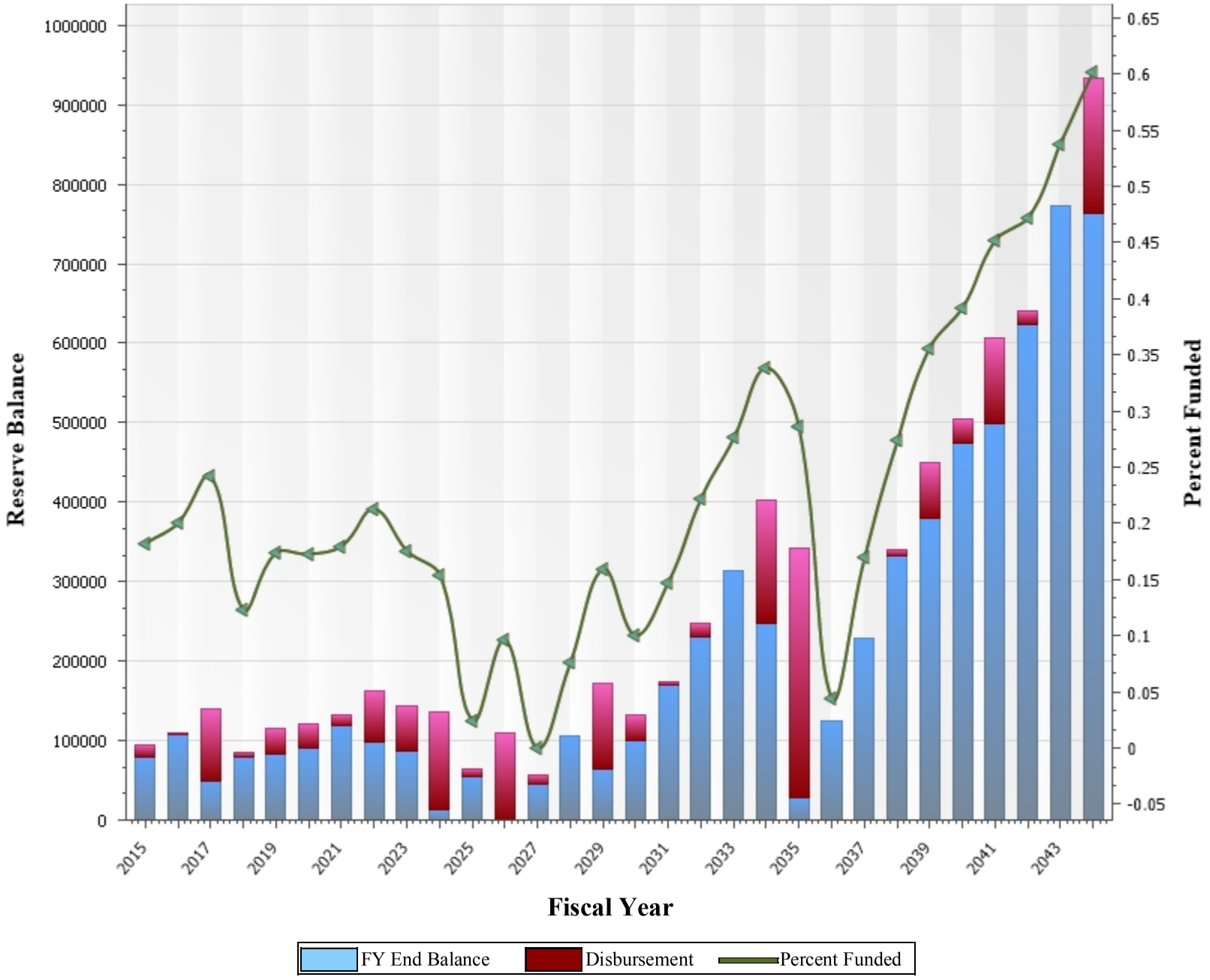
Fiscal Year	FY Start Balance	Interest Earned	Reserve Allocation	Allocation Increase Rate	Special Assessment	Disbursement	FY End Balance	Fully Funded Balance	Percent Funded
2014	--	--	--	--	--	$0	$64,791	$308,771	--
2015	$64,791	$454	$28,478	580.0%	$0	$14,953	$78,770	$356,772	18%
2016	$78,770	$551	$30,187	6.0%	$0	$2,174	$107,334	$391,973	20%
2017	$107,334	$751	$31,998	6.0%	$0	$90,044	$50,039	$442,579	24%
2018	$50,039	$350	$33,918	6.0%	$0	$5,196	$79,111	$405,447	12%
2019	$79,111	$554	$35,953	6.0%	$0	$32,999	$82,619	$455,872	17%
2020	$82,619	$578	$38,110	6.0%	$0	$29,700	$91,608	$480,476	17%
2021	$91,608	$641	$40,397	6.0%	$0	$13,737	$118,909	$510,545	18%
2022	$118,909	$832	$42,820	6.0%	$0	$64,513	$98,049	$559,357	21%
2023	$98,049	$686	$45,390	6.0%	$0	$56,946	$87,179	$558,761	18%
2024	$87,179	$610	$48,113	6.0%	$0	$123,550	$12,353	$567,395	15%
2025	$12,353	$86	$51,000	6.0%	$0	$8,383	$55,056	$509,213	2%
2026	$55,056	$385	$54,060	6.0%	$0	$109,502	$0	$569,505	10%
2027	$0	$0	$57,304	6.0%	$0	$12,258	$45,046	$529,010	0%
2028	$45,046	$315	$60,742	6.0%	$0	$0	$106,103	$589,158	8%
2029	$106,103	$743	$64,386	6.0%	$0	$107,496	$63,737	$665,437	16%
2030	$63,737	$446	$68,250	6.0%	$0	$31,998	$100,435	$635,017	10%
2031	$100,435	$703	$72,345	6.0%	$0	$3,387	$170,096	$683,255	15%
2032	$170,096	$1,191	$76,685	6.0%	$0	$17,254	$230,719	$764,297	22%
2033	$230,719	$1,615	$81,287	6.0%	$0	$0	$313,621	$835,415	28%
2034	$313,621	$2,195	$86,164	6.0%	$0	$153,647	$248,333	$928,401	34%
2035	$248,333	$1,738	$91,334	6.0%	$0	$312,782	$28,623	$867,967	29%
2036	$28,623	$200	$96,814	6.0%	$0	$0	$125,637	$643,902	4%
2037	$125,637	$879	$102,622	6.0%	$0	$0	$229,139	$737,451	17%
2038	$229,139	$1,604	$108,780	6.0%	$0	$7,768	$331,755	$836,024	27%
2039	$331,755	$2,322	$115,307	6.0%	$0	$70,417	$378,967	$931,857	36%
2040	$378,967	$2,653	$122,225	6.0%	$0	$29,526	$474,320	$968,386	39%
2041	$474,320	$3,320	$129,559	6.0%	$0	$108,302	$498,897	$1,050,568	45%
2042	$498,897	$3,492	$137,332	6.0%	$0	$16,568	$623,154	$1,056,565	47%
2043	$623,154	$4,362	$145,572	6.0%	$0	$0	$773,089	$1,159,857	54%
2044	$773,089	$5,412	$154,307	6.0%	$0	$168,906	$763,902	$1,285,943	60%

0.7% - Interest Rate
3.0% - Inflation

Min FY End Balance:	$0	Min % Funded:	0%
Avg FY End Balance:	$212,220	Avg % Funded:	23%

Yearly Review Chart

Disbursement with Percent Funded Comparison



Disbursement By Year

Fiscal Year	*Disbursement*	*Disbursement Breakdown*		
2015	**$14,953**			
		$2,795	01.01	gym,paint
		$5,408	03.12	gym equipment
		$2,110	03.13	heater,sauna
		$890	03.14	hvac,rec room
		$2,552	06.04	flooring,carpet,gym
		$1,198	07.04	skylight
2016	**$2,174**			
		$764	03.15	irrigation,controller
		$1,410	03.17	safety loops,5920
2017	**$90,044**			
		$40,845	01.04	wood trim,paint
		$3,761	01.05	wrought iron,paint
		$4,134	04.01	fence/rails,repair/replace(15%)
		$41,304	06.02	bldg/wood,repairs
2018	**$5,196**			
		$1,496	02.01	sundeck,gym,recoat
		$1,496	02.03	sundeck,rec room,recoat
		$2,204	08.05	pump,spa jets
2019	**$32,999**			
		$2,592	01.02	rec room,paint
		$29,068	05.01	concrete,repair/replace
		$1,339	08.02	filter,spa
2020	**$29,700**			
		$6,344	03.08	furniture,patio,sundeck
		$3,611	03.09	furniture,rec room
		$627	03.19	water heater
		$9,741	05.02	concrete,tire stops
		$6,600	06.03	electrical,repair/replace
		$2,777	08.06	spa,rehab

Disbursement By Year

Fiscal Year	*Disbursement*	*Disbursement Breakdown*		
2021	**$13,737**			
		$10,266	02.02	sundeck,gym,resurface
		$3,471	03.10	gate operator,entry
2022	**$64,513**			
		$59,922	01.03	stucco,paint
		$3,325	08.03	heater,spa
		$1,266	08.04	pump,spa filter
2023	**$56,946**			
		$48,773	01.04	wood trim,paint
		$4,491	01.05	wrought iron,paint
		$3,682	03.11	gate operator,exit
2024	**$123,550**			
		$13,439	03.02	fire sprinkler system,garage
		$4,374	03.03	fixtures,light,bldg mount
		$5,503	03.04	fixtures,light,garage
		$6,209	03.05	fixtures,light,other
		$8,411	03.07	fixtures,light,repair/replace
		$4,657	03.16	mailbox,CBUs
		$40,317	06.07	waste lines,repair/replace
		$40,640	09.01	termite control/fumigation
2025	**$8,383**			
		$3,757	01.01	gym,paint
		$1,196	03.14	hvac,rec room
		$3,430	06.04	flooring,carpet,gym
2026	**$109,502**			
		$1,895	02.01	sundeck,gym,recoat
		$1,895	02.03	sundeck,rec room,recoat
		$1,895	03.18	safety loops,5924
		$32,741	07.01	gutters/downspouts
		$68,284	07.02	low slope roof
		$2,792	08.05	pump,spa jets
2027	**$12,258**			
		$12,258	02.04	sundeck,rec room,resurface

Disbursement By Year

Fiscal Year	*Disbursement*	*Disbursement Breakdown*		
2029	**$107,496**			
		$3,484	01.02	rec room,paint
		$58,238	01.04	wood trim,paint
		$5,363	01.05	wrought iron,paint
		$5,894	04.01	fence/rails,repair/replace(15%)
		$9,815	04.02	gates,vehicular entry/exit
		$22,903	06.06	planters,reline
		$1,799	08.02	filter,spa
2030	**$31,998**			
		$8,526	03.08	furniture,patio,sundeck
		$8,425	03.12	gym equipment
		$842	03.19	water heater
		$8,869	06.03	electrical,repair/replace
		$1,603	08.04	pump,spa filter
		$3,733	08.06	spa,rehab
2031	**$3,387**			
		$1,190	03.15	irrigation,controller
		$2,197	03.17	safety loops,5920
2032	**$17,254**			
		$12,785	06.05	flooring,tile,rec room
		$4,469	08.03	heater,spa
2034	**$153,647**			
		$85,432	01.03	stucco,paint
		$2,400	02.01	sundeck,gym,recoat
		$2,400	02.03	sundeck,rec room,recoat
		$2,086	03.06	fixtures,light,pillar/wall(upr front)
		$57,793	06.01	bldg/waterproof,rehab
		$3,536	08.05	pump,spa jets

Disbursement By Year

Fiscal Year	*Disbursement*	*Disbursement Breakdown*		
2035	**$312,782**			
		$5,049	01.01	gym,paint
		$69,538	01.04	wood trim,paint
		$6,403	01.05	wrought iron,paint
		$5,626	03.09	furniture,rec room
		$1,607	03.14	hvac,rec room
		$4,610	06.04	flooring,carpet,gym
		$219,333	07.05	tile roof
		$616	08.01	border tile,spa,repair/replace
2038	**$7,768**			
		$5,737	03.11	gate operator,exit
		$2,031	08.04	pump,spa filter
2039	**$70,417**			
		$4,682	01.02	rec room,paint
		$2,418	08.02	filter,spa
		$63,317	09.01	termite control/fumigation
2040	**$29,526**			
		$11,458	03.08	furniture,patio,sundeck
		$1,132	03.19	water heater
		$11,920	06.03	electrical,repair/replace
		$5,016	08.06	spa,rehab
2041	**$108,302**			
		$83,032	01.04	wood trim,paint
		$7,646	01.05	wrought iron,paint
		$6,269	03.10	gate operator,entry
		$2,952	03.18	safety loops,5924
		$8,403	04.01	fence/rails,repair/replace(15%)
2042	**$16,568**			
		$3,041	02.01	sundeck,gym,recoat
		$3,041	02.03	sundeck,rec room,recoat
		$6,006	08.03	heater,spa
		$4,480	08.05	pump,spa jets

Disbursement By Year

Fiscal Year	*Disbursement*	*Disbursement Breakdown*		
2044	**$168,906**			
		$7,901	03.03	fixtures,light,bldg mount
		$9,940	03.04	fixtures,light,garage
		$11,214	03.05	fixtures,light,other
		$15,192	03.07	fixtures,light,repair/replace
		$8,411	03.16	mailbox,CBUs
		$116,248	07.02	low slope roof

Grand Total: **$1,592,006**

Reserve Balance Distribution

Note- This distribution is based on the disbursement by year in ascending order.

$64,791 : FY Start Balance
$64,791 : Distributed Funds
$0 : Remaining Funds

Reserve Component	*Distribution*	*Percentage*
01 Coat/Paint/Stain		
01.01 gym,paint	$2,714	4.2%
01.02 rec room,paint		
01.03 stucco,paint		
01.04 wood trim,paint	$37,380	57.7%
01.05 wrought iron,paint	$3,442	5.3%
02 Deck Compound		
02.01 sundeck,gym,recoat		
02.02 sundeck,gym,resurface		
02.03 sundeck,rec room,recoat		
02.04 sundeck,rec room,resurface		
03 Equipment		
03.01 doors,common-unfunded		
03.02 fire sprinkler system,garage		
03.03 fixtures,light,bldg mount		
03.04 fixtures,light,garage		
03.05 fixtures,light,other		
03.06 fixtures,light,pillar/wall(upr front)		
03.07 fixtures,light,repair/replace		
03.08 furniture,patio,sundeck		
03.09 furniture,rec room		
03.10 gate operator,entry		
03.11 gate operator,exit		
03.12 gym equipment	$5,250	8.1%
03.13 heater,sauna	$2,049	3.2%
03.14 hvac,rec room	$864	1.3%
03.15 irrigation,controller	$720	1.1%
03.16 mailbox,CBUs		
03.17 safety loops,5920	$1,329	2.1%
03.18 safety loops,5924		
03.19 water heater		
04 Fencing		
04.01 fence/rails,repair/replace(15%)		
04.02 gates,vehicular entry/exit		

Reserve Balance Distribution

Note- This distribution is based on the disbursement by year in ascending order.

$64,791 : FY Start Balance
$64,791 : Distributed Funds
$0 : Remaining Funds

Reserve Component	*Distribution*	*Percentage*
05 Pavement		
05.01 concrete,repair/replace		
05.02 concrete,tire stops		
06 Restoration		
06.01 bldg/waterproof,rehab		
06.02 bldg/wood,repairs	$7,402	11.4%
06.03 electrical,repair/replace		
06.04 flooring,carpet,gym	$2,478	3.8%
06.05 flooring,tile,rec room		
06.06 planters,reline		
06.07 waste lines,repair/replace		
06.08 water lines,repair/replace		
07 Roofs		
07.01 gutters/downspouts		
07.02 low slope roof		
07.03 roof access		
07.04 skylight	$1,163	1.8%
07.05 tile roof		
08 Spas		
08.01 border tile,spa,repair/replace		
08.02 filter,spa		
08.03 heater,spa		
08.04 pump,spa filter		
08.05 pump,spa jets		
08.06 spa,rehab		
09 Termite		
09.01 termite control/fumigation		

Allocation Breakdown

	Reserve Component	*Reserve Allocation (per year)*	*Reserve Allocation (per month)*	*Reserve Allocation (per unit per month)*	*Allocation %*
01	**Coat/Paint/Stain**	**$8,511.37**	**$709.29**	**Varies**	**29.89%**
01.01	gym,paint	$205.51	$17.13	Varies	0.72%
01.02	rec room,paint	$169.31	$14.11	Varies	0.59%
01.03	stucco,paint	$2,984.78	$248.73	Varies	10.48%
01.04	wood trim,paint	$4,717.39	$393.12	Varies	16.57%
01.05	wrought iron,paint	$434.38	$36.20	Varies	1.53%
02	**Deck Compound**	**$815.90**	**$67.99**	**Varies**	**2.86%**
02.01	sundeck,gym,recoat	$125.79	$10.48	Varies	0.44%
02.02	sundeck,gym,resurface	$263.35	$21.95	Varies	0.92%
02.03	sundeck,rec room,recoat	$125.79	$10.48	Varies	0.44%
02.04	sundeck,rec room,resurface	$300.97	$25.08	Varies	1.06%
03	**Equipment**	**$2,400.28**	**$200.02**	**Varies**	**8.43%**
03.01	doors,common-unfunded	$0.00	$0.00	Varies	0.00%
03.02	fire sprinkler system,garage	$151.44	$12.62	Varies	0.53%
03.03	fixtures,light,bldg mount	$123.24	$10.27	Varies	0.43%
03.04	fixtures,light,garage	$155.04	$12.92	Varies	0.54%
03.05	fixtures,light,other	$174.91	$14.58	Varies	0.61%
03.06	fixtures,light,pillar/wall(upr front)	$43.73	$3.64	Varies	0.15%
03.07	fixtures,light,repair/replace	$236.97	$19.75	Varies	0.83%
03.08	furniture,patio,sundeck	$402.30	$33.53	Varies	1.41%
03.09	furniture,rec room	$152.65	$12.72	Varies	0.54%
03.10	gate operator,entry	$106.84	$8.90	Varies	0.38%
03.11	gate operator,exit	$142.46	$11.87	Varies	0.50%
03.12	gym equipment	$265.02	$22.09	Varies	0.93%
03.13	heater,sauna	$38.79	$3.23	Varies	0.14%
03.14	hvac,rec room	$65.42	$5.45	Varies	0.23%
03.15	irrigation,controller	$36.35	$3.03	Varies	0.13%
03.16	mailbox,CBUs	$131.19	$10.93	Varies	0.46%
03.17	safety loops,5920	$67.09	$5.59	Varies	0.24%
03.18	safety loops,5924	$67.09	$5.59	Varies	0.24%
03.19	water heater	$39.75	$3.31	Varies	0.14%

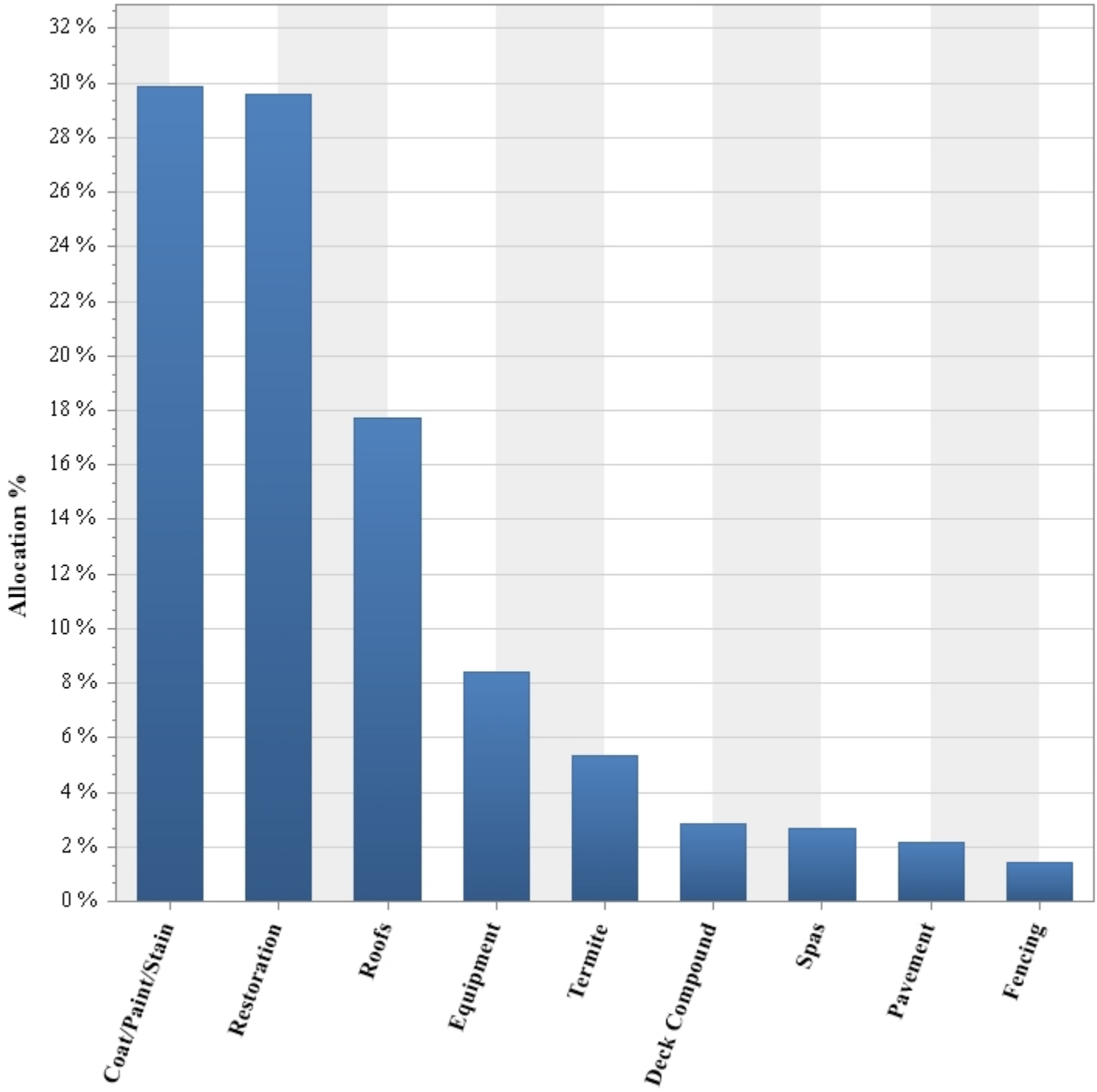
Allocation Breakdown

	Reserve Component	*Reserve Allocation (per year)*	*Reserve Allocation (per month)*	*Reserve Allocation (per unit per month)*	*Allocation %*
04	**Fencing**	**$397.72**	**$33.14**	**Varies**	**1.40%**
04.01	fence/rails,repair/replace(15%)	$238.71	$19.89	Varies	0.84%
04.02	gates,vehicular entry/exit	$159.01	$13.25	Varies	0.56%
05	**Pavement**	**$611.92**	**$50.99**	**Varies**	**2.15%**
05.01	concrete,repair/replace	$474.65	$39.55	Varies	1.67%
05.02	concrete,tire stops	$137.27	$11.44	Varies	0.48%
06	**Restoration**	**$8,424.56**	**$702.06**	**Varies**	**29.59%**
06.01	bldg/waterproof,rehab	$605.75	$50.48	Varies	2.13%
06.02	bldg/wood,repairs	$954.08	$79.51	Varies	3.35%
06.03	electrical,repair/replace	$418.51	$34.88	Varies	1.47%
06.04	flooring,carpet,gym	$187.64	$15.64	Varies	0.66%
06.05	flooring,tile,rec room	$227.46	$18.96	Varies	0.80%
06.06	planters,reline	$371.03	$30.92	Varies	1.30%
06.07	waste lines,repair/replace	$454.32	$37.86	Varies	1.60%
06.08	water lines,repair/replace	$5,205.77	$433.81	Varies	18.28%
07	**Roofs**	**$5,037.48**	**$419.79**	**Varies**	**17.69%**
07.01	gutters/downspouts	$579.59	$48.30	Varies	2.04%
07.02	low slope roof	$2,014.67	$167.89	Varies	7.07%
07.03	roof access	$189.30	$15.78	Varies	0.66%
07.04	skylight	$22.02	$1.83	Varies	0.08%
07.05	tile roof	$2,231.90	$185.99	Varies	7.84%
08	**Spas**	**$752.28**	**$62.69**	**Varies**	**2.65%**
08.01	border tile,spa,repair/replace	$10.03	$0.84	Varies	0.04%
08.02	filter,spa	$87.46	$7.29	Varies	0.31%
08.03	heater,spa	$198.77	$16.56	Varies	0.70%
08.04	pump,spa filter	$94.56	$7.88	Varies	0.33%
08.05	pump,spa jets	$185.33	$15.44	Varies	0.65%
08.06	spa,rehab	$176.13	$14.68	Varies	0.62%
09	**Termite**	**$1,526.53**	**$127.21**	**Varies**	**5.36%**
09.01	termite control/fumigation	$1,526.53	$127.21	Varies	5.36%

Allocation Breakdown

Reserve Component	*Reserve Allocation* *(per year)*	*Reserve Allocation* *(per month)*	*Reserve Allocation* *(per unit per month)*	*Allocation* *%*
Grand Total:	**$28,478**	**$2,373.18**	**Varies**	**100%**

Category Breakdown Chart



Fully Funded Balance Breakdown - Next FY

Reserve Component		*Current Cost*	*Useful Life*	*Remaining Life*	*Fully Funded Balance*
01	**Coat/Paint/Stain**	**$95,866**			**$52,509**
01.01	gym,paint	$2,795	10	0	$2,795
01.02	rec room,paint	$2,303	10	4	$1,382
01.03	stucco,paint	$48,721	12	7	$20,300
01.04	wood trim,paint	$38,501	6	2	$25,668
01.05	wrought iron,paint	$3,545	6	2	$2,364
02	**Deck Compound**	**$19,933**			**$11,844**
02.01	sundeck,gym,recoat	$1,369	8	3	$856
02.02	sundeck,gym,resurface	$8,597	24	6	$6,448
02.03	sundeck,rec room,recoat	$1,369	8	3	$856
02.04	sundeck,rec room,resurface	$8,597	21	12	$3,685
03	**Equipment**	**$60,663**			**$40,012**
03.01	doors,common-unfunded	$0	999	998	$0
03.02	fire sprinkler system,garage	$10,300	50	9	$8,446
03.03	fixtures,light,bldg mount	$3,353	20	9	$1,844
03.04	fixtures,light,garage	$4,218	20	9	$2,320
03.05	fixtures,light,other	$4,759	20	9	$2,617
03.06	fixtures,light,pillar/wall(upr front)	$1,190	20	19	$59
03.07	fixtures,light,repair/replace	$6,447	20	9	$3,546
03.08	furniture,patio,sundeck	$5,472	10	5	$2,736
03.09	furniture,rec room	$3,115	15	5	$2,076
03.10	gate operator,entry	$2,907	20	6	$2,035
03.11	gate operator,exit	$2,907	15	8	$1,356
03.12	gym equipment	$5,408	15	0	$5,408
03.13	heater,sauna	$2,110	40	0	$2,110
03.14	hvac,rec room	$890	10	0	$890
03.15	irrigation,controller	$742	15	1	$692
03.16	mailbox,CBUs	$3,569	20	9	$1,963
03.17	safety loops,5920	$1,369	15	1	$1,278
03.18	safety loops,5924	$1,369	15	11	$365
03.19	water heater	$541	10	5	$270
04	**Fencing**	**$10,385**			**$6,708**
04.01	fence/rails,repair/replace(15%)	$3,896	12	2	$3,247
04.02	gates,vehicular entry/exit	$6,489	30	14	$3,461
05	**Pavement**	**$34,229**			**$30,713**

Fully Funded Balance Breakdown - Next FY

Reserve Component		*Current Cost*	*Useful Life*	*Remaining Life*	*Fully Funded Balance*
05	**Pavement**	**$34,229**			**$30,713**
05.01	concrete,repair/replace	$25,826	40	4	$23,244
05.02	concrete,tire stops	$8,403	45	5	$7,469
06	**Restoration**	**$417,163**			**$102,010**
06.01	bldg/waterproof,rehab	$32,959	40	19	$17,303
06.02	bldg/wood,repairs	$38,934	30	2	$36,338
06.03	electrical,repair/replace	$5,693	10	5	$2,846
06.04	flooring,carpet,gym	$2,552	10	0	$2,552
06.05	flooring,tile,rec room	$7,735	25	17	$2,475
06.06	planters,reline	$15,141	30	14	$8,075
06.07	waste lines,repair/replace	$30,900	50	9	$25,338
06.08	water lines,repair/replace	$283,249	40	39	$7,081
07	**Roofs**	**$205,918**			**$96,338**
07.01	gutters/downspouts	$23,652	30	11	$14,980
07.02	low slope roof	$49,329	18	11	$19,183
07.03	roof access	$10,300	40	39	$258
07.04	skylight	$1,198	40	0	$1,198
07.05	tile roof	$121,439	40	20	$60,720
08	**Spas**	**$9,676**			**$4,180**
08.01	border tile,spa,repair/replace	$341	25	20	$68
08.02	filter,spa	$1,190	10	4	$714
08.03	heater,spa	$2,704	10	7	$811
08.04	pump,spa filter	$1,029	8	7	$129
08.05	pump,spa jets	$2,017	8	3	$1,260
08.06	spa,rehab	$2,396	10	5	$1,198
09	**Termite**	**$31,147**			**$12,459**
09.01	termite control/fumigation	$31,147	15	9	$12,459
	Grand Total:	**$884,980**			**$356,772**

Category Summary - Next FY

Category	*Current Cost*	*Useful Life (Min - Max)*	*Remaining Life (Min - Max)*	*Fully Funded Balance*
01 Coat/Paint/Stain	$95,866	6 - 12	0 - 7	$52,509
02 Deck Compound	$19,933	8 - 24	3 - 12	$11,844
03 Equipment	$60,663	10 - 999	0 - 998	$40,012
04 Fencing	$10,385	12 - 30	2 - 14	$6,708
05 Pavement	$34,229	40 - 45	4 - 5	$30,713
06 Restoration	$417,163	10 - 50	0 - 39	$102,010
07 Roofs	$205,918	18 - 40	0 - 39	$96,338
08 Spas	$9,676	8 - 25	3 - 20	$4,180
09 Termite	$31,147	15 - 15	9 - 9	$12,459
Grand Total:	$884,980			$356,772

Component Details

	Reserve Component	Quantity	Unit of Measure	Unit Cost	Source Code	Rplc %	Cont %	Extended Cost
01	**Coat/Paint/Stain**							
01.01	gym,paint UL: 10 RL: 1	1	each	$2,585.00	10	100%	5%	$2,714
01.02	rec room,paint UL: 10 RL: 5	1	each	$2,130.00	1	100%	5%	$2,236
01.03	stucco,paint UL: 12 RL: 8	85,000	sq ft	$0.53	10	100%	5%	$47,302
01.04	wood trim,paint UL: 6 RL: 3	20,000	sq ft	$1.78	10	100%	5%	$37,380
01.05	wrought iron,paint UL: 6 RL: 3	471	lin ft	$6.96	10	100%	5%	$3,442
02	**Deck Compound**							
02.01	sundeck,gym,recoat UL: 8 RL: 4	1	each	$1,266.00	1	100%	5%	$1,329
02.02	sundeck,gym,resurface UL: 24 RL: 7	932	sq ft	$8.53	10	100%	5%	$8,347
02.03	sundeck,rec room,recoat UL: 8 RL: 4	1	each	$1,266.00	10	100%	5%	$1,329
02.04	sundeck,rec room,resurface UL: 21 RL: 13	932	sq ft	$8.53	10	100%	5%	$8,347
03	**Equipment**							
03.01	doors,common-unfunded UL: 999 RL: 999 4- garage-to-driveway 8- garage-to-lower walkway 4- gym 4- rec room	20	each	$0.00	10	100%	5%	$0
03.02	fire sprinkler system,garage UL: 50 RL: 10	1	each	$9,523.81	1	100%	5%	$10,000
03.03	fixtures,light,bldg mount UL: 20 RL: 10 17- lower area 14- upper area	31	each	$100.00	10	100%	5%	$3,255
03.04	fixtures,light,garage UL: 20 RL: 10	39	each	$100.00	10	100%	5%	$4,095

Component Details

	Reserve Component	Quantity	Unit of Measure	Unit Cost	Source Code	Rplc %	Cont %	Extended Cost
03	**Equipment**							
03.05	fixtures,light,other UL: 20 RL: 10 13- ceiling,lower area 4- ceiling,stairways 5- emergency 8- exit 10- hanging,stairways 4- wall mount,grg-to-street stairways	44	each	$100.00	10	100%	5%	$4,620
03.06	fixtures,light,pillar/wall(upr front) UL: 20 RL: 20 7- pillar mount 4- wall mount	11	each	$100.00	6	100%	5%	$1,155
03.07	fixtures,light,repair/replace UL: 20 RL: 10	1	each	$5,961.00	1	100%	5%	$6,259
03.08	furniture,patio,sundeck UL: 10 RL: 6	1	each	$5,060.00	10	100%	5%	$5,313
03.09	furniture,rec room UL: 15 RL: 6	1	each	$2,880.00	1	100%	5%	$3,024
03.10	gate operator,entry UL: 20 RL: 7 DKS	1	each	$2,688.00	10	100%	5%	$2,822
03.11	gate operator,exit UL: 15 RL: 9 Elite	1	each	$2,688.00	10	100%	5%	$2,822
03.12	gym equipment UL: 15 RL: 1 1- treadmill (LifeFitness 4500HR) 3- bikes (LifeFitness 5500) 1- universal	1	each	$5,000.00	10	100%	5%	$5,250
03.13	heater,sauna UL: 40 RL: 1	1	each	$1,952.00	10	100%	5%	$2,049
03.14	hvac,rec room UL: 10 RL: 1	1	each	$823.00	10	100%	5%	$864
03.15	irrigation,controller UL: 15 RL: 2	1	each	$686.00	10	100%	5%	$720
03.16	mailbox,CBUs UL: 20 RL: 10 16 doors	2	each	$1,650.00	9	100%	5%	$3,465

Component Details

	Reserve Component	Quantity	Unit of Measure	Unit Cost	Source Code	Rplc %	Cont %	Extended Cost
03	**Equipment**							
03.17	safety loops,5920 UL: 15 RL: 2	1	each	$1,266.00	10	100%	5%	$1,329
03.18	safety loops,5924 UL: 15 RL: 12	1	each	$1,266.00	10	100%	5%	$1,329
03.19	water heater UL: 10 RL: 6 State #PV2010V15960K;sn96950779 (20 gallon)	1	each	$500.00	10	100%	5%	$525
04	**Fencing**							
04.01	fence/rails,repair/replace(15%) UL: 12 RL: 3	471	lin ft	$51.00	10	15%	5%	$3,783
04.02	gates,vehicular entry/exit UL: 30 RL: 15	2	each	$3,000.00	10	100%	5%	$6,300
05	**Pavement**							
05.01	concrete,repair/replace UL: 40 RL: 5	40	each	$597.00	10	100%	5%	$25,074
05.02	concrete,tire stops UL: 45 RL: 6	70	each	$111.00	10	100%	5%	$8,158
06	**Restoration**							
06.01	bldg/waterproof,rehab UL: 40 RL: 20	32	each	$952.38	3	100%	5%	$31,999
06.02	bldg/wood,repairs UL: 30 RL: 3	12	each	$3,000.00	3	100%	5%	$37,800
06.03	electrical,repair/replace UL: 10 RL: 6	1	each	$5,264.00	1	100%	5%	$5,527
06.04	flooring,carpet,gym UL: 10 RL: 1	59	sq yd	$40.00	1	100%	5%	$2,478
06.05	flooring,tile,rec room UL: 25 RL: 18	1	each	$7,153.00	1	100%	5%	$7,510
06.06	planters,reline UL: 30 RL: 15	14	each	$1,000.00	6	100%	5%	$14,700
06.07	waste lines,repair/replace UL: 50 RL: 10	1	each	$28,571.43	3	100%	5%	$30,000
06.08	water lines,repair/replace UL: 40 RL: 40	32	each	$8,184.52	3	100%	5%	$274,999
07	**Roofs**							

Component Details

	Reserve Component	Quantity	Unit of Measure	Unit Cost	Source Code	Rplc %	Cont %	Extended Cost
07	**Roofs**							
07.01	gutters/downspouts UL: 30 RL: 12	2,700	lin ft	$8.10	10	100%	5%	$22,963
07.02	low slope roof UL: 18 RL: 12	84	square	$543.00	10	100%	5%	$47,892
07.03	roof access UL: 40 RL: 40	1	each	$9,523.81	1	100%	5%	$10,000
07.04	skylight UL: 40 RL: 1	1	each	$1,108.00	1	100%	5%	$1,163
07.05	tile roof UL: 40 RL: 21	176	square	$638.00	10	100%	5%	$117,902
08	**Spas**							
08.01	border tile,spa,repair/replace UL: 25 RL: 21	1	each	$316.00	1	100%	5%	$331
08.02	filter,spa UL: 10 RL: 5 Hayward #C2025;sn2111090950602002	1	each	$1,100.00	10	100%	5%	$1,155
08.03	heater,spa UL: 10 RL: 8 Raypak #C-M207A-EN-C;sn1202134651	1	each	$2,500.00	10	100%	5%	$2,625
08.04	pump,spa filter UL: 8 RL: 8	1	each	$952.38	3	100%	5%	$999
08.05	pump,spa jets UL: 8 RL: 4	2	each	$932.58	6	100%	5%	$1,958
08.06	spa,rehab UL: 10 RL: 6 xx lin ft; 3.5' depth 2-railings	1	each	$2,216.00	1	100%	5%	$2,326
09	**Termite**							
09.01	termite control/fumigation UL: 15 RL: 10	32	each	$900.00	10	100%	5%	$30,240

Grand Total: **52**

**Note- Field observations are normally based on an inspection of all accessible reserve components under consideration. Roofing system observations (if applicable) are normally based on a minimum inspection of at least 15% of the total number of units within the complex. Level 1 Reserve Studies normally provide for reserve component identification, quantification and specification via actual field observations and/or measurements. Recommend that association management institute a log book to record "Reserve Fund Disbursements" to facilitate future reserve studies. The log should include copy of all contracts/invoices.*

COAT/PAINT/STAIN

Metal- Visible rust must be completely removed/converted on metal substrates (e.g. wrought iron) & then primed prior to high quality coating application to afford protection from the elements. High gloss is recommended for maximum durability.

Stucco- The term stucco is widely used to describe the cement plaster used for coating exterior surfaces of buildings. Three-coat work (scratch- 3/8" thick, brown- 3/8" thick, and finish- 3/8" thick) is normally applied over metal reinforced wood-frame structures. The finish coat (decorative surface) is integrally colored & frequently applied over metal reinforced wood-frame structures. The finish coat (decorative surface) is integrally colored & frequently textured.

Minimal care will keep a stucco surface attractive for many years. Cracks should be filled with a stucco patching compound to match the existing finish coat. This product is available in many colors at most building supply centers. Periodic pressure cleaning will keep the stucco clean & the finish coat bright for many years. In time, however, the stucco will eventually require recoat, paint or fog-coat application.

Wood- Deteriorated or damaged wood must be removed/replaced & then primed prior to high quality coating application to afford protection from the elements.

**Note- Ninety percent (90%) of failures are due to either moisture related problems or inadequate preparation of the surface.*

**Note- Touch-up applications are recommended between useful life expectancies of the component.*

DECK COMPOUND

All deck coatings require periodic maintenance. The time interval depends on coating life, traffic patterns & exposure to the elements. The deck surface must be inspected/repaired/sealed under an annual maintenance program to prevent water infiltration.

DRAINAGE SYSTEMS

Drainage systems & flood control basins should be inspected, repaired, and cleared of debris (in the spring & fall) under a semi-annual maintenance program.

EQUIPMENT

Unable to verify proper operation of all items. If properly maintained per manufacturer's recommendations and/or industry standards, these components should obtain useful life expectancy.

FENCING

Various fencing materials exists on the market today & include: aluminum, block, chain link, vinyl, wood, wood-crete & wrought iron. Wood fence is by far the most common fencing material & wood fence posts are especially vulnerable to rapid deterioration unless elevated to eliminate earth-to-wood contact.

PAVEMENT

Weather, traffic & time work to erode the asphalt pavement. The sun dries out the natural oils, while the unprotected surface is left to oxidize. The brittle blacktop surface cracks, allowing moisture penetration (the primary cause of pavement failure). A surface seal (sealcoat) fills in minor cracks & depressions that lead to larger ones. It also penetrates & resaturates the dried out surface with natural oils & solids to create a protective shield that guards the pavement from weathering & further deterioration. A sealcoat can substantially increase the pavements useful life expectancy. When the sealcoat starts to change from a deep black to a dull gray, it generally indicates that it's time to re-coat.
Cracks in concrete driveway/curbs/gutters/sidewalks must be filled under an annual maintenance program to deter further deterioration due to erosion or sectional replaced with a base/pavement designed to prevent recurrence.

POOL/SPA

Coping- Coping (cast stone) is used to top off the side of a pool/spa & finish the edge to the adjacent decking. Coping is subject to deterioration over a period of years & can be retarded by periodically treating the cast stone with a silicone-based compound.
Coping/Deck Joint- A major cause of tile/coping problems may be the sealed joint between the coping & deck. If this is not watertight, water runs under the coping & behind the tile causing coping/tile movement & damage. Sealant (e.g. Deck-O-Seal) should be periodically installed to prevent problems.
Deck- Recommend filling of cracks to prevent further deterioration due to erosion or sectional replacement with a base/pavement designed to prevent recurrence.
Equipment- Unable to verify proper operation of all items. If properly maintained, these items should obtain useful life. Pool/spa filter elements should be inspected/cleaned at least once a year under an annual maintenance program. Recommend replacement of the pool/spa filter pump timer (when it fails) with a timer that has an additional heater circuit designed to turn off gas fired heater approximately 25 minutes before the filter pump turns off, eliminating the problem of pounding/knocking due to overheated water & reducing scale/lime deposits which decrease the useful life of heater. Pump/motor assemblies should be periodically cleared of debris to allow for heat dissipation.
Furniture- Recommend replacement (when necessary) during the fall/winter months to take advantage of year end close-out deals.
Plaster- Although plaster finishes have lasted 20 years, the life of the finish depends upon the quality of the original work & careful control of the water chemistry. The pool/spa water should be emptied & refilled periodically (as determined by water analysis) to ensure/extend the useful life of the plaster. The water should also be clear (not turbid), colorless, and low in scale-forming chemicals.
Tile- Many concrete pools/spas include a tile trim (or border) around the perimeter or a tile-trimmed gutter. Although tile is almost indestructible, problems are almost invariably associated with grouting. Unless water chemistry is watched carefully, the grout between the tile (& coping) slowly erodes. The scum that forms on the tile at the waterline is a combination of oil & dust. There are special tile cleaners available that can be applied with a brush. Remove light scale deposits from the tile with solution of muriatic acid (1 part acid to 6 parts water; prevent possible injury by consulting with proper authorities/experts prior to mixing any solutions). Proper maintenance will prevent any problems occurring.

**Note- In a spa, the maximum recommended temperature is 104° Fahrenheit. In a pool, the ideal range for water temperature is 78°-82° Fahrenheit.*
**Note-Recommend that association management institute a log book to record "Pool/Spa Maintenance & Repairs" to facilitate future reserve studies.*

ROOFS

Built-up Roofing (BUR)- Commonly used on flat or very-low slope roofs where a completely impervious membrane is required. A properly maintained BUR will normally have a service life of from 10 to 20 years. Deterioration occurs due to ultraviolet rays from the sun which oxidize & shrink the coating. As the coatings shrink & pull back from the edges of the roof, the underlying roofing felt is exposed & begins to rot. The sun also bakes out the roofing oils, which cause a pliable roof to turn hard & brittle.

Composition Shingle- Easy to maintain/repair & normally designed to last a minimum of 15 to 20 years.

Metal- A properly constructed metal roof generally requires little maintenance (however, prime/paint may be required periodically), is fireproof & normally will have a service life of 50+ years.

Tile- A properly constructed concrete or clay tile roof generally requires little maintenance, is fireproof & normally will have a service life of 50+ years.

Wood Shake/Shingle- Fire hazard with a normal service life of about 20 to 25 years. Recommend reroofing with an alternative roofing material (i.e. composition shingle, aluminum shingle, tile, etc.) to reduce/eliminate the fire hazard & funding requirement for this component.

Flashing- Flashing is used to protect seams or joints from water seepage. It is installed at the junction formed by the roof & a vertical wall, along roof rakes & eaves, along ridges, in roof valleys, around chimneys, vent pipes & stacks, at intersections of different roof planes, and at other points on the roof where water from rain could penetrate the roof & enter the structure. Leaks frequently occur at the joint where a minor roof intersects with a major roof or where the roof deck meets a vertical wall.

Gutters/Downspouts/Drain Inlets- Inspect gutters/downspouts/drain inlets (in the fall- after the leaves fall & before the rains begin) under an annual maintenance program. Clean out debris that may prevent adequate drainage. Flush with a garden hose & check for leaks.

*Note- Recommend roof surface be inspected/repaired by qualified personnel under an annual maintenance program.

*Note- Recommend that association management institute a log book to record "Roof Maintenance & Repairs" to facilitate future reserve studies.

SLOPE STABILIZATION/EROSION CONTROL

Surface Saturation- Heavy rains can cause street flooding and minor mudslides, while longer-term problems occur when the soil gets oversaturated. The following may serve as a general guideline:

1) When rainfall is less than 6 inches, there tend to be few problems.

2) With more than 6 inches of rain, soil begins to saturate and can absorb less water. Small mudslides with a few feet of soil erosion can occur.

3) With more than 10 inches of rain, more serious problems begin. These include large mudslides during storms and, later in the year, the chance of massive mudslides, as water undermines bedrock layers of compacted earth.

Drainage- Concrete bench drains (V-ditches) are designed to channel water off the slope and down to the storm drain or natural drainage channel. These drains must be kept free of debris to allow for proper drainage. Baffles are railroad ties or timber partly buried in the hillside that work best on slight to medium slopes, slowing the flow of water runoff and giving it more time to soak into the ground. Riprap stones or concrete rubble cover the slope to slow the flow of water runoff.

*Note- Contact your local Fire Department's Forestry Division and/or a local University to obtain additional information on erosion control and fire safe planting for your area. Many internet websites offer valuable information on preventing accelerated soil erosion & minimizing sedimentation.

WOOD DESTROYING ORGANISMS

The association is normally responsible for the repair & maintenance of the common area occasioned by the presence of wood destroying organisms (e.g. termites) unless the governing documents indicate otherwise. Reserves to fund this item may be considered optional, because when & where an infestation will occur & the severity of the infestation is difficult to predict. Therefore, annual inspections by qualified personnel are recommended to discover any infestation in its early stages before it becomes a serious problem. Any visible areas of earth-to-wood contact must be eliminated.

Assumptions

The parameters and assumptions under which this study was completed, is based on information provided by the association/client, its representatives, its management company (as applicable), its contractors, other contractors, specialists and independent consultants, the State Department of Real Estate (or other state agency, as applicable), the Community Associations Institute (CAI), construction pricing and estimating manuals, and the preparer's own experience gained in the preparation of reserve study reports.

The reserve funding program reflects assumptions about future events. Some may not materialize, and unanticipated events/circumstances may develop. Therefore, the actual component cost and/or remaining life of a reserve component may vary from the reserve funding program. The preparer of this report does not express an opinion on the probability that actual item cost and/or remaining life may or may not approximate the reserve funding program.

It is assumed, unless otherwise indicated to the preparer, that all reserve items have been constructed properly, and that each estimated useful life will approximate that of the norm per industry standards and manufacturers specifications. Arbitrary estimates may have been used on reserve components with an indeterminable but potential liability to the association. The decision for the inclusion of these reserve components, and other assets considered or not, is ultimately left to the association/client.

The remaining life of the reserve components does not have a variance factor for unusual weather or natural disasters. It is assumed that a reasonable schedule of maintenance/repair will be conducted. The level of maintenance/repair any particular component receives may serve to prolong or shorten that components useful life. The actual life of any given component may vary due to quality of construction, original design, workmanship, intensity of use, maintenance/repair, and unusual weather. This study only addresses the maintenance and replacement of those reserve components listed, the associated costs/lives, and a reserve funding program.

Various percentage rate factors are generally used in the Cash Flow Analysis. A low-conservative net effective interest rate is normally used to compensate for any applicable federal and state taxes imposed. The annual inflation rate is normally determined using the national "CPIU", the Consumer Price Index for all urban consumers in the United States. Because it is difficult to accurately predict these factors over time, it is vital to update them annually.

Life-of-the-project items (e.g. building foundation/structure, concrete pavement, utilities, etc.) are generally excluded from this report. However, if the association has reason to expect the component to wear out or fail before the project does and if, due to the age of the units, the item may wear out within thirty (30) years, then that item should be included as a reserve component. Generally excluded are minor expenses which may be funded by a contingency and/or general maintenance/repair fund. Also excluded are expenses incurred due to natural disasters, accidents, or other occurrences, which are more properly insured for.

Calculations

1) Allocation % =

Reserve Allocation (Component Method) / Total Reserve Allocation (Component Method) x 100

2) Current Cost =

Extended Cost (for a component without subcomponents)

-or-

Sum of subcomponent Extended Costs (for a component with subcomponents)

3) Extended Cost =

Quantity x Unit Cost x Replacement % x (1+Contingency Rate)

4) Fully Funded Balance =

Current Cost / Useful Life x (Useful Life - Remaining Life)

5) FY End Balance (same as Next FY Start Balance) =

Initial or current fiscal year-

Current Reserve Balance + Interest Earned + Reserve Allocation to Fund + Special Assessment to Fund + Funds Due from Operating - Approved Funds to Disburse - Disbursements

Subsequent fiscal years-

FY Start Balance + Interest Earned + (Reserve Allocation (from previous year) x (1 + Reserve Allocation Rate)) - Disbursements

6) Interest Earned=

Initial fiscal year-

Current Reserve Balance x (Interest Rate (net effective)/12 x Number of funding months remaining in current fiscal year)

Subsequent fiscal years-

FY Start Balance x Interest Rate (net effective)

7) Percent Funded =

(FY Start Balance / Fully Funded Balance) x 100

8) Reserve Allocation (Component Method) =

Current Cost / Useful Life

Definitions

Abbreviations

bldgs = *buildings*	lf or lin ft = *lineal feet*	sy or sq yd= *square yard*
ea = *each*	RL = *remaining life*	UL = *useful life*
FY = *fiscal year*	sf or sq ft = *square feet* (100 sq ft = 1 square)	% = *percent*

1) Age

The approximate age of the complex. This parameter is provided for information only.

2) Allocation %

A percentage of the total Reserve Allocation. See Calculations- APPENDIX B.

3) Allocation Increase Rate

Expressed as a percentage rate that reflects the increase of a given year's Reserve Allocation over the previous year's Reserve Allocation and utilized only in the Cash Flow Analysis.

4) Base Year

The year in which the governing documents were recorded and/or the buildings constructed (average year may be used for phases built over a period of time), and utilized to determine the approximate complex age. This parameter is provided for information only.

5) Common Interest Development (CID)

Defined by shared property and restrictions in the deed on use of the property. A CID is governed by a mandatory Association of homeowners which administers the property and enforces its restrictions. The Association Board is responsible for repairing, replacing, or maintaining the common areas, other than the exclusive use common areas, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to the separate interest. The following are two typical CID subdivision types:

A) *Condominium*- In general, the recorded owner has title to the unit (or airspace). They are typically responsible for the interior of their individual unit/garage, all utilities that service their unit and any exclusive use common area associated with their unit (e.g. balcony, doors/windows, patio yard, etc.).

B) *Planned Development*- In general, the recorded owner has title to the lot. They are typically responsible for the maintenance and repair of any structure or improvement located on their respective lot.

Note- CIDs & subdivision types are general and may not apply or may vary, based on your local.

6) Component Inventory

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

7) Condition Assessment

The task of evaluating the current condition of the component based on observed or reported characteristics and normally documented in the field report for a Level 1 or Level 2 Reserve Study.

Definitions

8) Contingency Rate

Expressed as a percentage rate that reflects a factor added to the unit cost to prepare for an event that is liable to occur, but not with certainty.

9) Current Cost

The current fiscal year's estimated cost to maintain, replace, repair, or restore a reserve component to its original functional condition. Sources utilized to obtain estimates may include: the association, its contractors, other contractors, specialists and independent consultants, the State department of Real Estate (or other state department as applicable), construction pricing and estimating manuals, and the preparer's own experience and/or database of costs formulated in the preparation of other reserve study reports. See Calculations- APPENDIX B.

10) Disbursement

The funds expected to be paid or expended from the Reserve Balance.

11) Extended Cost

See Calculations- APPENDIX B.

12) Fiscal Year (FY)

A 12-month period for which an organization plans the use of its funds. There are two distinct types:

A) C*alendar Fiscal Year (ends December 31)*

B) *Non-Calendar Fiscal Year (does not end December 31)*

13) Full Funded Balance (FFB)

Total Accrued Depreciation. An indicator against which the FY Start Balance can be compared. The balance that is in direct proportion to the fraction of life "used up" of the cost. See Calculations- APPENDIX B.

14) Funding Goal

Independent of methodology utilized, the following represents the basic categories of funding plan goals:

A) *Baseline Funding*- Maintaining a Net Reserve Balance at or near zero.

B) *Full Funding*- Maintaining a Reserve Balance at or near Percent Funded of 100%.

C) *Statutory Funding*- Maintaining a specified Reserve Balance/Percent Funded per statutes.

D) *Threshold Funding*- Establishing and maintaining a set Net Reserve Balance or Percent Funded.

15) Funding Method (or Funding Plan)

An association's plan to provide income to the reserve fund to offset expected disbursements from that fund. The following represents two (2) basic methodologies used to fund reserves:

A) *Cash Flow Method*- A method of developing a reserve funding plan where allocations 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.

B) *Component Method*- A method of developing a reserve funding plan where the total reserve allocation is based on the sum of allocations for individual components.

Definitions

16) Funding Plan

The combined Funding Method & Funding Goal.

17) FY End Balance (same as next FY Start Balance)

The balance in reserves at end of applicable fiscal year. See Calculations- Appendix B.

18) FY Start Balance (same as prior year FY End Balance)

The balance in reserves at start of applicable fiscal year.

19) Inflation Rate

Expressed as a percentage rate that reflects the increase of this year's costs over the previous year's costs. Also known as a 'cost increase factor'.

20) Interest Earned

The annual earning of reserve funds that have been deposited in certificates of deposit (CDs), money market accounts or other investment vehicles. See Calculations- Appendix B.

21) Interest Rate

The ratio of the gain received from an investment and the investment over a period of time (usually one year), prior to any federal or state imposed taxes.

22) Interest Rate (net effective)

The ratio of the gain received from an investment and the investment over a period of time (usually one year), after any federal or state imposed taxes.

23) Levels of Service

A) *Level 1 Reserve Study (Full or Comprehensive)*- A Reserve Study in which the following five Reserve Study tasks are performed:

a) Component Inventory
b) Condition Assessment (based upon on-site visual observations)
c) Life and Valuation Estimates
d) Fund Status
e) Funding Plan

B) *Level 2 Reserve Study (Update, With-Site-Visit/On-Site Review)*- A Reserve Study update in which the following five tasks are performed:

a) Component Inventory
b) Condition Assessment (based upon on-site visual observations)
c) Life and Valuation Estimates
d) Fund Status
e) Funding Plan

**Note- Updates are reliant on the validity of prior Reserve Studies.*

Definitions

C) *Level 3 Reserve Study (Update, No-Site-Visit/Off-Site Review)*- A Reserve Study update with no on-site visual observations in which the following three tasks are performed:

a) Life and Valuation Estimates
b) Fund Status
c) Funding Plan

**Note- Updates are reliant on the validity of prior Reserve Studies.*

24) Percent Funded

A comparison of the Fully Funded Balance to the FY Start Balance expressed as a percentage, and used to provide a *'general indication'* of reserve strength. See Calculations- APPENDIX B.

25) Quantity

The number or amount of a particular reserve component or subcomponent.

26) 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 (but have not been approved) have a remaining life of "zero".

27) Replacement %

A percentage of the total replacement for a particular reserve component or subcomponent. This parameter is normally 100%.

28) Reserve Allocation

The amount to be annually budgeted towards reserves based on a Funding Plan.

29) Reserve Component (or subcomponent)

The individual line items in the reserve study, developed or updated in the physical analysis that form the building blocks of the reserve study. They typically are:

A) association responsibility,
B) with limited useful life expectancies,
C) predictable remaining useful life expectancies,
D) above a minimum threshold cost,
E) and, as required by statutes.

30) Restoration

Defined as *to bring back to an unimpaired or improved condition*. General types follow:

A) *Building*- In general, funding utilized to defray the cost (in whole or part) of major building components that are not necessarily included as line items and may include termite treatment.
B) *Irrigation System*- In general, funding utilized to defray the cost (in whole or part) of sectional irrigation system areas including modernization to improve water management.
C) *Landscape*- In general, funding utilized to defray the cost (in whole or part) of sectional landscape areas including modernization to improve water conservation & drainage.

Definitions

31) Risk Factor

The associated risk of the availability of reserves to fund expenditures by interpreting the Percent Funded parameter as follows:

A) 70% and above- *LOW*
B) 31% to 69%- *MODERATE*
C) 30% and below- *HIGH*

32) Source Code

The source of information utilized to obtain cost and/or life estimates.

0- Actual Cost
1- Arbitrary Estimate
2- Architect/Engineer
3- Association
4- Bid/Proposal
5- Builder/Developer
6- Contractor
7- Cost Estimating Manual
8- Industry Standard
9- Manufacturer
10- Prior Reserve Study
11- Reserve Study Firm
12- Specialist/Expert
13- Vendor/Rep

33) Unit Cost

The current fiscal year's estimated cost to maintain, replace, repair, or restore an individual "unit of measure" of a reserve component or subcomponent to its original functional condition.

34) Unit of Measure

A system of units used in measuring a reserve component or subcomponent (i.e. each, lineal feet, square feet, etc.).

35) Useful Life (UL)

Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve item can be expected to serve its intended function if properly constructed and maintained in its present application or installation.

Supplemental Photos- Field Report

Efflorescence observed at block wall.

Isolated area of deteriorated wood.