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Planning For The Inevitable

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Premium Villas HOA

Anywhere, XX

Report #: 12345-0
Beginning: January 1, 2026
Expires: December 31, 2026

RESERVE STUDY

"Do-It-Yourself" Kit

April 24, 2025

Welcome to your Reserve Study!

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

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

In this Report, you will find three key results:

- **Component List**

Unique to each property, the Component List serves as the foundation of the Reserve Study and details the scope and schedule of all necessary repairs & replacements.

- **Reserve Fund Strength**

A calculation that measures how well the Reserve Fund has kept pace with the property's physical deterioration.

- **Reserve Funding Plan**

A multi-year funding plan based on current Reserve Fund strength that allows for component repairs and replacements to be completed in a timely manner, with an emphasis on fairness and avoiding "catch-up" funding.

Questions?

Please contact your Project Manager directly.



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**Premium Villas HOA**

Anywhere, XX

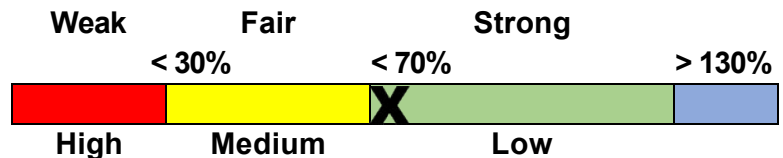
Level of Service: "Do-It-Yourself" Kit

Report #: **12345-0**

of Units: 123

January 1, 2026 through December 31, 2026**Findings & Recommendations****as of January 1, 2026**

Projected Starting Reserve Balance	\$148,750
Projected "Fully Funded" (Ideal) Reserve Balance	\$202,087
Percent Funded	73.6 %
Recommended 2026 "Full Funding" Reserve Transfers	\$27,900
Recommended 2026 Special Assessments	\$0
Client's 2025 Reserve Transfers	\$24,000

Reserve Fund Strength: 73.6%**Risk of Special Assessment:****Economic Assumptions:**Net Annual "After Tax" Interest Earnings Accruing to Reserves **1.50 %**Annual Inflation Rate **3.00 %**

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

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

Because your Reserve Fund is above the 70% Funded range at 73.6 % Funded, this represents a strong Reserve position. Associations in this range generally have a Low risk of Reserve cash-flow problems (such as special assessments and/or deferred maintenance) in the near future. Based on this starting point, your anticipated future expenses, and your historical Reserve transfers, our recommendation is to implement an increase to your Reserve funding/transfers.

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



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

Note 1: Yellow highlighted line items are expected to require attention in this initial year, light blue highlighted items are expected to occur within the first-five years.

Introduction

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

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

Reserve Study

➤ Physical Analysis

➤ Financial Analysis

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

Methodology

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



Which Physical Assets are Covered by Reserves?

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

There is a national-standard three-part test to determine which projects should appear in a Reserve Component List. This three-part test was provided to the client in the workbook used to help compile the Reserve Component List. First, it must be a common area maintenance obligation.

Second, both the need and schedule of a component's project can be reasonably anticipated. Third, the project's total cost is material to the client, can be reasonably anticipated, and includes all direct and related costs. A project cost is commonly considered

material if it is more than 0.5% to 1% of a total annual budget. This limits Reserve components to major, predictable expenses. Within this framework, it is inappropriate to include *lifetime* components, unpredictable expenses (such as damage due to natural disasters and/or insurable events), and expenses more appropriately handled from the Operational budget.



RESERVE COMPONENT "THREE-PART TEST"

The Financial Analysis

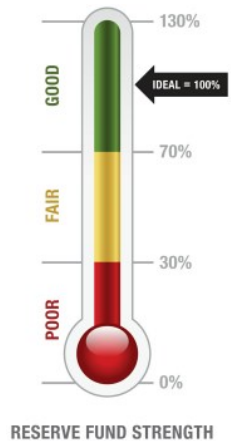
We have used the Reserve Component List provided by the client to compute the association's current Percent Funded and an appropriate Reserve funding requirements. These two pieces of information are considered the Financial Analysis.

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

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

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

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



How much should we transfer to Reserves?

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



What is our Funding Goal?

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

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

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

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



FUNDING OBJECTIVES

Projected Expenses

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

The figure below summarizes the projected future expenses at your association as defined by your Reserve Component List. A summary of these components are shown in the Component Details table, while a summary of the expenses themselves are shown in the 30-yr Expense Summary table. Note the future years of high projected Reserve expenses, specifically 2026 (elevator), 2030 (building painting), and 2032 (interiors).

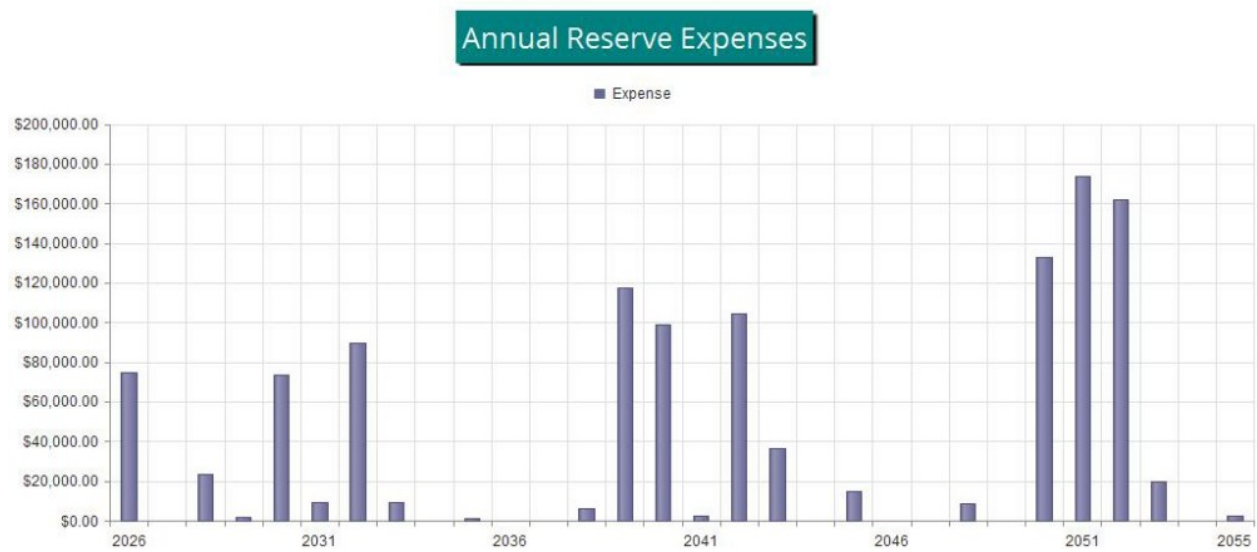


Figure 1

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$148,750 as-of the start of your Fiscal Year on 1/1/2026. This figure was provided by a property representative, as evidenced in the Appendix of this report.

As of your Fiscal Year Start, your Fully Funded Balance is computed to be \$202,087. This figure represents the deteriorated value of your major, predictable capital reserve components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 73.6 % Funded.

Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, this Fiscal Year we are recommending Annual budgeted Reserve transfers of \$27,900 this Fiscal Year. The overall 30-yr plan, in perspective, is shown below. This same information is shown numerically in both the 30-yr Summary and the Cash Flow Detail tables.

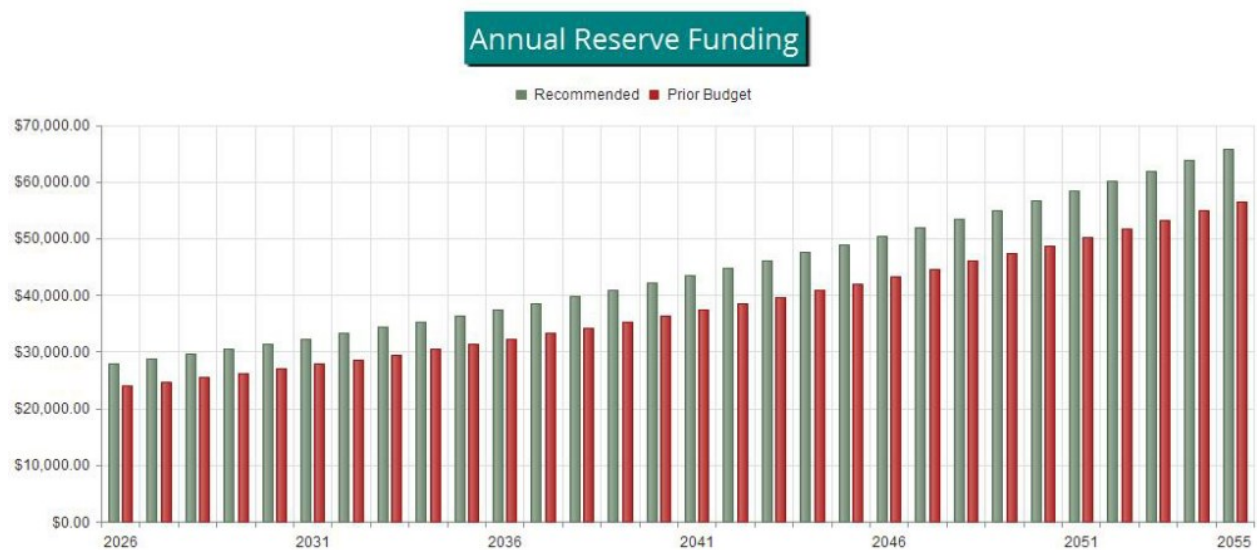


Figure 2

The following chart shows your Reserve balance under our recommended plan and at the Association’s current funding rate, all compared to your always-changing Fully Funded Balance target.

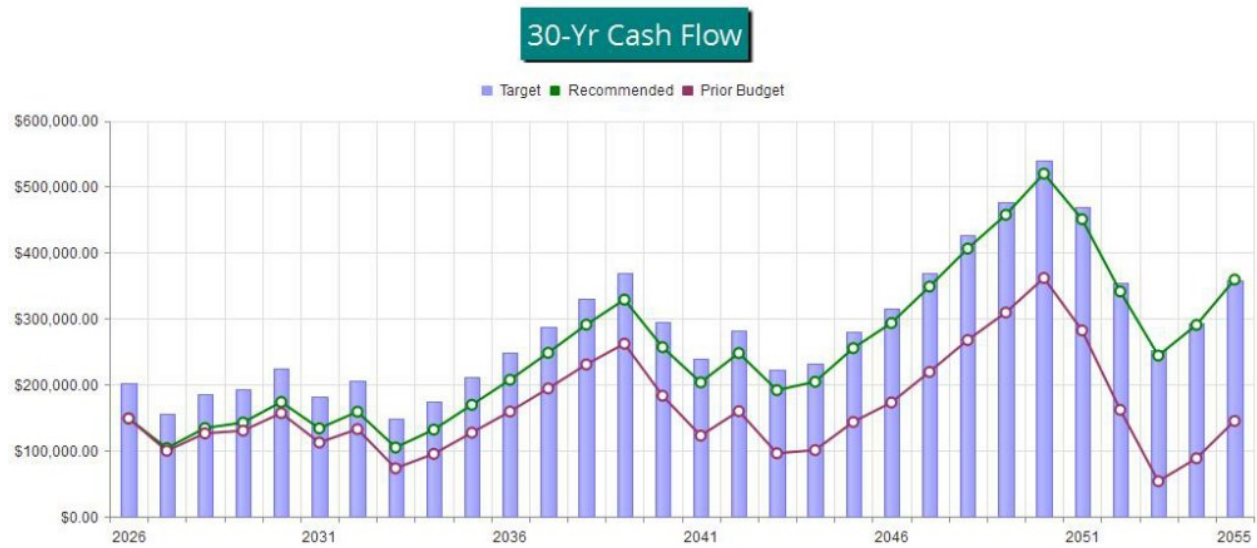


Figure 3

This figure shows the same information described above, but plotted on a Percent Funded scale. It is clear here to see how your Reserve Fund strength approaches the 100% Funded level under our recommended multi-year funding plan.

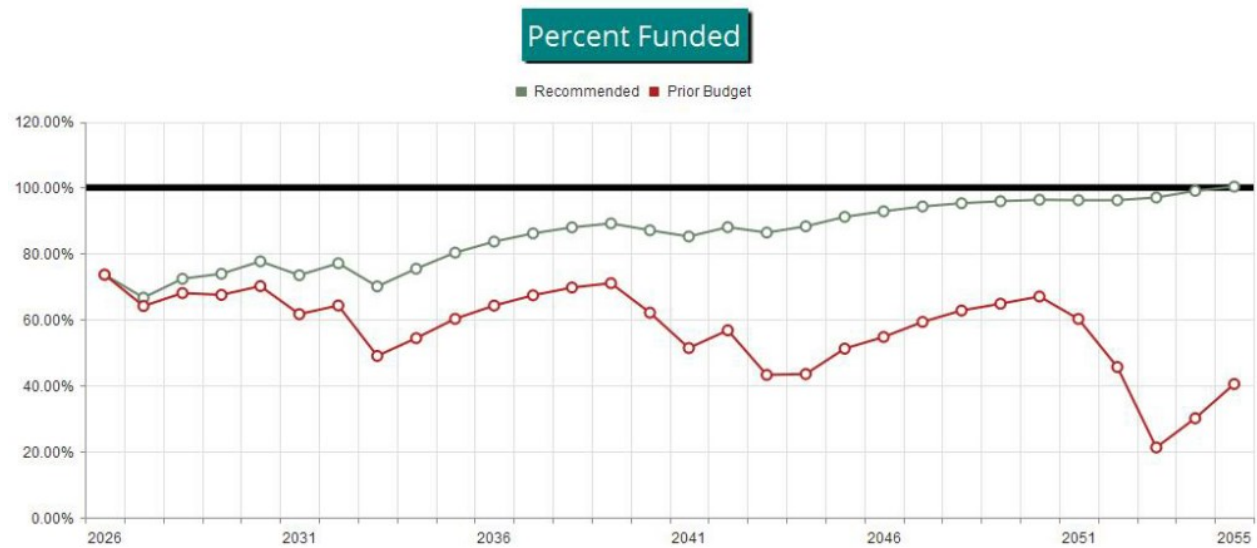


Figure 4



Table Descriptions

Executive Summary is a summary of your Reserve Components

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

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

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

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



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



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



30-Year Reserve Plan Summary

Report # 12345-0
Do-It-Yourself Kit

Fiscal Year Start: 2026

Net After Tax Interest: 1.50 %

Avg 30-Yr Inflation: 3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date					Projected Reserve Balance Changes			
Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
2026	\$148,750	\$202,087	73.6 %	Low	\$27,900	\$0	\$1,891	\$75,000
2027	\$103,541	\$155,369	66.6 %	Medium	\$28,737	\$0	\$1,781	\$0
2028	\$134,059	\$185,233	72.4 %	Low	\$29,599	\$0	\$2,072	\$23,340
2029	\$142,390	\$192,710	73.9 %	Low	\$30,487	\$0	\$2,368	\$1,639
2030	\$173,607	\$223,541	77.7 %	Low	\$31,402	\$0	\$2,302	\$73,721
2031	\$133,590	\$181,855	73.5 %	Low	\$32,344	\$0	\$2,192	\$9,274
2032	\$158,851	\$206,125	77.1 %	Low	\$33,314	\$0	\$1,975	\$89,554
2033	\$104,586	\$149,286	70.1 %	Low	\$34,313	\$0	\$1,771	\$8,978
2034	\$131,692	\$174,612	75.4 %	Low	\$35,343	\$0	\$2,256	\$0
2035	\$169,291	\$210,847	80.3 %	Low	\$36,403	\$0	\$2,822	\$1,305
2036	\$207,212	\$247,755	83.6 %	Low	\$37,495	\$0	\$3,413	\$0
2037	\$248,120	\$288,073	86.1 %	Low	\$38,620	\$0	\$4,039	\$0
2038	\$290,779	\$330,586	88.0 %	Low	\$39,779	\$0	\$4,644	\$6,416
2039	\$328,785	\$368,783	89.2 %	Low	\$40,972	\$0	\$4,388	\$117,483
2040	\$256,663	\$294,773	87.1 %	Low	\$42,201	\$0	\$3,447	\$99,075
2041	\$203,237	\$238,582	85.2 %	Low	\$43,467	\$0	\$3,380	\$2,337
2042	\$247,747	\$281,455	88.0 %	Low	\$44,771	\$0	\$3,292	\$104,306
2043	\$191,505	\$221,730	86.4 %	Low	\$46,114	\$0	\$2,966	\$36,363
2044	\$204,223	\$231,372	88.3 %	Low	\$47,498	\$0	\$3,443	\$0
2045	\$255,164	\$279,971	91.1 %	Low	\$48,923	\$0	\$4,111	\$14,905
2046	\$293,292	\$315,925	92.8 %	Low	\$50,391	\$0	\$4,810	\$0
2047	\$348,493	\$369,597	94.3 %	Low	\$51,902	\$0	\$5,655	\$0
2048	\$406,051	\$426,205	95.3 %	Low	\$53,459	\$0	\$6,471	\$8,622
2049	\$457,359	\$476,996	95.9 %	Low	\$55,063	\$0	\$7,324	\$0
2050	\$519,746	\$539,598	96.3 %	Low	\$56,715	\$0	\$7,273	\$133,148
2051	\$450,586	\$468,385	96.2 %	Low	\$58,416	\$0	\$5,934	\$173,784
2052	\$341,153	\$354,673	96.2 %	Low	\$60,169	\$0	\$4,386	\$161,744
2053	\$243,963	\$251,487	97.0 %	Low	\$61,974	\$0	\$4,005	\$19,547
2054	\$290,394	\$293,251	99.0 %	Low	\$63,833	\$0	\$4,868	\$0
2055	\$359,096	\$358,033	100.3 %	Low	\$65,748	\$0	\$5,902	\$2,357



30-Year Income/Expense Detail

Report # 12345-0
Do-It-Yourself Kit

Fiscal Year	2026	2027	2028	2029	2030
Starting Reserve Balance	\$148,750	\$103,541	\$134,059	\$142,390	\$173,607
Annual Reserve Funding	\$27,900	\$28,737	\$29,599	\$30,487	\$31,402
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,891	\$1,781	\$2,072	\$2,368	\$2,302
Total Income	\$178,541	\$134,059	\$165,730	\$175,246	\$207,311
# Component					
Reserve Components					
1 Roof - Replace	\$0	\$0	\$0	\$0	\$0
2 Fence - Repaint	\$0	\$0	\$4,774	\$0	\$0
3 Fence - Replace	\$0	\$0	\$18,566	\$0	\$0
4 Buildings - Repaint	\$0	\$0	\$0	\$0	\$72,595
5 Parking Lot - Resurface	\$0	\$0	\$0	\$0	\$0
6 Parking Lot - Seal	\$0	\$0	\$0	\$0	\$1,126
7 Well - Refurbish	\$0	\$0	\$0	\$0	\$0
8 Entry Sign - Replace	\$0	\$0	\$0	\$1,639	\$0
9 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
10 Hallways - Refurbish	\$0	\$0	\$0	\$0	\$0
11 Elevator - Replace	\$75,000	\$0	\$0	\$0	\$0
12 Lobby - Refurbish	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$75,000	\$0	\$23,340	\$1,639	\$73,721
Ending Reserve Balance	\$103,541	\$134,059	\$142,390	\$173,607	\$133,590

Fiscal Year	2031	2032	2033	2034	2035
Starting Reserve Balance	\$133,590	\$158,851	\$104,586	\$131,692	\$169,291
Annual Reserve Funding	\$32,344	\$33,314	\$34,313	\$35,343	\$36,403
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,192	\$1,975	\$1,771	\$2,256	\$2,822
Total Income	\$168,126	\$194,140	\$140,670	\$169,291	\$208,516
# Component					
Reserve Components					
1 Roof - Replace	\$0	\$0	\$0	\$0	\$0
2 Fence - Repaint	\$0	\$0	\$5,534	\$0	\$0
3 Fence - Replace	\$0	\$0	\$0	\$0	\$0
4 Buildings - Repaint	\$0	\$0	\$0	\$0	\$0
5 Parking Lot - Resurface	\$0	\$0	\$0	\$0	\$0
6 Parking Lot - Seal	\$0	\$0	\$0	\$0	\$1,305
7 Well - Refurbish	\$9,274	\$0	\$0	\$0	\$0
8 Entry Sign - Replace	\$0	\$0	\$0	\$0	\$0
9 Mailboxes - Replace	\$0	\$0	\$3,444	\$0	\$0
10 Hallways - Refurbish	\$0	\$77,613	\$0	\$0	\$0
11 Elevator - Replace	\$0	\$0	\$0	\$0	\$0
12 Lobby - Refurbish	\$0	\$11,941	\$0	\$0	\$0
Total Expenses	\$9,274	\$89,554	\$8,978	\$0	\$1,305
Ending Reserve Balance	\$158,851	\$104,586	\$131,692	\$169,291	\$207,212

Fiscal Year	2036	2037	2038	2039	2040
Starting Reserve Balance	\$207,212	\$248,120	\$290,779	\$328,785	\$256,663
Annual Reserve Funding	\$37,495	\$38,620	\$39,779	\$40,972	\$42,201
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,413	\$4,039	\$4,644	\$4,388	\$3,447
Total Income	\$248,120	\$290,779	\$335,201	\$374,146	\$302,311
# Component					
Reserve Components					
1 Roof - Replace	\$0	\$0	\$0	\$117,483	\$0
2 Fence - Repaint	\$0	\$0	\$6,416	\$0	\$0
3 Fence - Replace	\$0	\$0	\$0	\$0	\$0
4 Buildings - Repaint	\$0	\$0	\$0	\$0	\$97,562
5 Parking Lot - Resurface	\$0	\$0	\$0	\$0	\$0
6 Parking Lot - Seal	\$0	\$0	\$0	\$0	\$1,513
7 Well - Refurbish	\$0	\$0	\$0	\$0	\$0
8 Entry Sign - Replace	\$0	\$0	\$0	\$0	\$0
9 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
10 Hallways - Refurbish	\$0	\$0	\$0	\$0	\$0
11 Elevator - Replace	\$0	\$0	\$0	\$0	\$0
12 Lobby - Refurbish	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$6,416	\$117,483	\$99,075
Ending Reserve Balance	\$248,120	\$290,779	\$328,785	\$256,663	\$203,237

Fiscal Year	2041	2042	2043	2044	2045
Starting Reserve Balance	\$203,237	\$247,747	\$191,505	\$204,223	\$255,164
Annual Reserve Funding	\$43,467	\$44,771	\$46,114	\$47,498	\$48,923
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,380	\$3,292	\$2,966	\$3,443	\$4,111
Total Income	\$250,084	\$295,811	\$240,585	\$255,164	\$308,197
# Component					
Reserve Components					
1 Roof - Replace	\$0	\$0	\$0	\$0	\$0
2 Fence - Repaint	\$0	\$0	\$7,438	\$0	\$0
3 Fence - Replace	\$0	\$0	\$28,925	\$0	\$0
4 Buildings - Repaint	\$0	\$0	\$0	\$0	\$0
5 Parking Lot - Resurface	\$0	\$0	\$0	\$0	\$13,151
6 Parking Lot - Seal	\$0	\$0	\$0	\$0	\$1,754
7 Well - Refurbish	\$0	\$0	\$0	\$0	\$0
8 Entry Sign - Replace	\$2,337	\$0	\$0	\$0	\$0
9 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
10 Hallways - Refurbish	\$0	\$104,306	\$0	\$0	\$0
11 Elevator - Replace	\$0	\$0	\$0	\$0	\$0
12 Lobby - Refurbish	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$2,337	\$104,306	\$36,363	\$0	\$14,905
Ending Reserve Balance	\$247,747	\$191,505	\$204,223	\$255,164	\$293,292

Fiscal Year	2046	2047	2048	2049	2050
Starting Reserve Balance	\$293,292	\$348,493	\$406,051	\$457,359	\$519,746
Annual Reserve Funding	\$50,391	\$51,902	\$53,459	\$55,063	\$56,715
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$4,810	\$5,655	\$6,471	\$7,324	\$7,273
Total Income	\$348,493	\$406,051	\$465,982	\$519,746	\$583,734
# Component					
Reserve Components					
1 Roof - Replace	\$0	\$0	\$0	\$0	\$0
2 Fence - Repaint	\$0	\$0	\$8,622	\$0	\$0
3 Fence - Replace	\$0	\$0	\$0	\$0	\$0
4 Buildings - Repaint	\$0	\$0	\$0	\$0	\$131,115
5 Parking Lot - Resurface	\$0	\$0	\$0	\$0	\$0
6 Parking Lot - Seal	\$0	\$0	\$0	\$0	\$2,033
7 Well - Refurbish	\$0	\$0	\$0	\$0	\$0
8 Entry Sign - Replace	\$0	\$0	\$0	\$0	\$0
9 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
10 Hallways - Refurbish	\$0	\$0	\$0	\$0	\$0
11 Elevator - Replace	\$0	\$0	\$0	\$0	\$0
12 Lobby - Refurbish	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$8,622	\$0	\$133,148
Ending Reserve Balance	\$348,493	\$406,051	\$457,359	\$519,746	\$450,586

Fiscal Year	2051	2052	2053	2054	2055
Starting Reserve Balance	\$450,586	\$341,153	\$243,963	\$290,394	\$359,096
Annual Reserve Funding	\$58,416	\$60,169	\$61,974	\$63,833	\$65,748
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$5,934	\$4,386	\$4,005	\$4,868	\$5,902
Total Income	\$514,936	\$405,707	\$309,942	\$359,096	\$430,746
# Component					
Reserve Components					
1 Roof - Replace	\$0	\$0	\$0	\$0	\$0
2 Fence - Repaint	\$0	\$0	\$9,996	\$0	\$0
3 Fence - Replace	\$0	\$0	\$0	\$0	\$0
4 Buildings - Repaint	\$0	\$0	\$0	\$0	\$0
5 Parking Lot - Resurface	\$0	\$0	\$0	\$0	\$0
6 Parking Lot - Seal	\$0	\$0	\$0	\$0	\$2,357
7 Well - Refurbish	\$16,750	\$0	\$0	\$0	\$0
8 Entry Sign - Replace	\$0	\$0	\$3,332	\$0	\$0
9 Mailboxes - Replace	\$0	\$0	\$6,220	\$0	\$0
10 Hallways - Refurbish	\$0	\$140,178	\$0	\$0	\$0
11 Elevator - Replace	\$157,033	\$0	\$0	\$0	\$0
12 Lobby - Refurbish	\$0	\$21,566	\$0	\$0	\$0
Total Expenses	\$173,784	\$161,744	\$19,547	\$0	\$2,357
Ending Reserve Balance	\$341,153	\$243,963	\$290,394	\$359,096	\$428,390



Accuracy, Limitations, and Disclosures

Association Reserves and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. William G. Simons, RS is the President of Association Reserves – Florida, LLC and is a credentialed Reserve Specialist (#190). All work done by Association Reserves – Florida, LLC is performed under his Responsible Charge and is performed in accordance with National Reserve Study Standards (NRSS). There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the client's situation. In accordance with National Reserve Study Standards, information provided by the official representative(s) of the client regarding financial details, component physical details and/or quantities, or historical issues/conditions will be deemed reliable for use in preparing the Reserve Study, and is not intended to be used for the purpose of performing any type of audit, quality/forensic analysis, or background checks of historical records. For "Full" Reserve Study levels of service, we attempt to establish measurements and component quantities within 5% accuracy through a combination of on-site measurements and observations, review of any available building plans or drawings, and/or any other reliable means. For "Update, With Site Visit" and "Update, No Site Visit" Reserve Study levels of service, the client is considered to have deemed previously developed component quantities as accurate and reliable, including quantities that may have been established by other individuals/firms. The scope of work for "Full" and "Update, With-Site-Visit" Reserve Studies includes visual inspection of accessible areas and components, and does not include any destructive or other means of testing. We do not inspect or investigate for construction defects, hazardous materials, or hidden issues such as plumbing or electrical problems, or problems with sub-surface drainage system components. The scope of work for "Update, No-Site-Visit" Reserve Studies does not include any inspections. Information provided to us about historical or upcoming projects, including information provided by the client's vendors and suppliers, will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection. Our opinions of component useful life, remaining useful life, and cost estimates assume proper original installation/construction, adherence to recommended preventive maintenance guidelines and best practices, a stable economic environment and do not consider the frequency or severity of natural disasters. Our opinions of component useful life, remaining useful life and current and future cost estimates are not a warranty or guarantee of the actual costs and timing of any component repairs or replacements. The actual or projected total Reserve account balance(s) presented in the Reserve Study is/are based upon information provided and was/were not audited. Because the physical condition of the client's components, the client's Reserve balance, the economic environment, and the legislative environment change each year, this Reserve Study is by nature a "one-year" document. Reality often differs from even the best assumptions due to the changing economy, physical factors including weather and usage, client financial decisions, legislation, or owner expectations. It is only because a long-term perspective improves the accuracy of near-term planning that this Reserve Study projects expenses into the future. We fully expect a number of adjustments will be necessary through the interim years to the cost and timing of these expense projections, and the funding necessary to prepare for those estimated expenses. Because we have no control over future events, we do not expect that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect Reserve funds to continue to earn interest, so we believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. The Funding Plan in this Report was developed using the cash-flow methodology to achieve the specified Funding Objective. Compensation for this Reserve Study is not contingent upon client's agreement with our conclusions or recommendations, and Association Reserves' liability in any matter involving this Reserve Study is limited to our Fees for services rendered.



Terms and Definitions

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



Component Details

The following pages contain a great deal of detailed observations, photos, and commentary related to each component included in the Reserve Study. All components are included as necessary and appropriate, consistent with Florida Statutes and National Reserve Study Standards. Inspecting for construction defects, performing diagnostic or destructive testing to search for hidden issues (such as plumbing or electrical problems), environmental hazards (asbestos, radon, lead, etc.), or accounting for unpredictable acts of nature are all outside our scope of work and such components are not included herein unless otherwise noted.

Reserve Components

Comp #: 1 Roof - Replace**Quantity: Approx 20000 SF**

Location: Common area

Funded?: Yes.

History:

Comments:

Useful Life: 20 years

Remaining Life: 13 years

Best Case: \$ 80,000

Worst Case: \$80,000

Cost Source: Estimate Provided by Client

Comp #: 2 Fence - Repaint**Quantity: Approx 450 LF**

Location: Common area

Funded?: Yes.

History:

Comments:

Useful Life: 5 years

Remaining Life: 2 years

Best Case: \$ 4,500

Worst Case: \$4,500

Cost Source: Estimate Provided by Client

Comp #: 3 Fence - Replace**Quantity: Approx 450 LF**

Location: Common area

Funded?: Yes.

History:

Comments:

Useful Life: 15 years

Remaining Life: 2 years

Best Case: \$ 17,500

Worst Case: \$17,500

Cost Source: Estimate Provided by Client

Comp #: 4 Buildings - Repaint**Quantity: (8) Buildings**

Location: Common area

Funded?: Yes.

History:

Comments:

Useful Life: 10 years

Remaining Life: 4 years

Best Case: \$ 64,500

Worst Case: \$64,500

Cost Source: Estimate Provided by Client

Comp #: 5 Parking Lot - Resurface**Quantity: Approx 400 SY**

Location: Common area

Funded?: Yes.

History:

Comments:

Useful Life: 20 years

Remaining Life: 19 years

Best Case: \$ 7,500

Worst Case: \$7,500

Cost Source: Estimate Provided by Client

Comp #: 6 Parking Lot - Seal**Quantity: Approx 400 SY**

Location: Common area

Funded?: Yes.

History:

Comments:

Useful Life: 5 years

Remaining Life: 4 years

Best Case: \$ 1,000

Worst Case: \$1,000

Cost Source: Estimate Provided by Client

Comp #: 7 Well - Refurbish**Quantity: (1) Well**

Location: Common area

Funded?: Yes.

History:

Comments:

Useful Life: 20 years

Remaining Life: 5 years

Best Case: \$ 8,000

Worst Case: \$8,000

Cost Source: Estimate Provided by Client

Comp #: 8 Entry Sign - Replace**Quantity: Sign and Frame**

Location: Common area

Funded?: Yes.

History:

Comments:

Useful Life: 12 years

Remaining Life: 3 years

Best Case: \$ 1,500

Worst Case: \$1,500

Cost Source: Estimate Provided by Client

Comp #: 9 Mailboxes - Replace**Quantity: (80) Boxes in Lobby**

Location: Common area

Funded?: Yes.

History:

Comments:

Useful Life: 20 years

Remaining Life: 7 years

Best Case: \$ 2,800

Worst Case: \$2,800

Cost Source: Estimate Provided by Client

Comp #: 10 Hallways - Refurbish**Quantity: Carpet and paint**

Location: Common area

Funded?: Yes.

History:

Comments:

Useful Life: 10 years

Remaining Life: 6 years

Best Case: \$ 65,000

Worst Case: \$65,000

Cost Source: Estimate Provided by Client

Comp #: 11 Elevator - Replace**Quantity: (1) 3-Stop**

Location: Common area

Funded?: Yes.

History:

Comments:

Useful Life: 25 years

Remaining Life: 0 years

Best Case: \$ 75,000

Worst Case: \$75,000

Cost Source: Estimate Provided by Client

Comp #: 12 Lobby - Refurbish**Quantity: Approx 750 SF +
Furniture**

Location: Common area

Funded?: Yes.

History:

Comments:

Useful Life: 20 years

Remaining Life: 6 years

Best Case: \$ 10,000

Worst Case: \$10,000

Cost Source: Estimate Provided by Client



Note: Any questions relating to the information contained in this Appendix should be directed to the contact person indicated on the following page.

Certification:

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

 Your Name: Barry Sampleman

 Company or Title: Board President

 Your address: 1234 Fifth Street

 City: Anywhere

 State: XX

 Zip: 12345

 email address: barrys@gmail.com

 Telephone: (212) 555-1234

 Date: 4/24/2025
Part 1: Association Information *(as you would like it to appear on the report)*

 Association Name: Premium Villas HOA

 # Units: 123

 City, ST Zipcode: Anywhere, XX 12345
Part 2: Budget & Reserve Balance Information

	FY End:	<u>Dec 31</u>
This Report should cover the 12-month reporting period beginning:		<u>1/1/2026</u>
and ending:		<u>12/31/2026</u>

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

 Our total current budgeted assessment income is: \$ 175,250.00 per yr (mo/qtr/yr)

 Our total current budgeted Reserve transfers are: \$ 24,000.00 per yr (mo/qtr/yr)

 Our projected Reserve balance as-of the start date above will be: \$ 148,750.00

 Do interest earnings remain in the Reserve Account? yes

 If yes, what is the net after tax annual interest rate? 1.50 %

Client-Provided Component Information

#	Component Name	Quantity/Description	UL	RUL	Current Cost
1	<i>Roof - Replace</i>	<i>Approx 20,000 Sq Ft</i>	<i>20</i>	<i>13</i>	<i>\$80,000</i>
2	<i>Fence - Repaint</i>	<i>Approx 450 LF</i>	<i>5</i>	<i>2</i>	<i>\$4,500</i>
3	<i>Fence - Replace</i>	<i>Approx 450 LF</i>	<i>15</i>	<i>2</i>	<i>\$17,500</i>
4	<i>Buildings - Repaint</i>	<i>(8) Buildings</i>	<i>10</i>	<i>4</i>	<i>\$64,500</i>
5	<i>Parking Lot - Resurface</i>	<i>Approx 400 SY</i>	<i>20</i>	<i>19</i>	<i>\$7,500</i>
6	<i>Parking Lot - Seal</i>	<i>Approx 400 SY</i>	<i>5</i>	<i>4</i>	<i>\$1,000</i>
7	<i>Well - Refurbish</i>	<i>(1) Well</i>	<i>20</i>	<i>5</i>	<i>\$8,000</i>
8	<i>Entry Sign - Replace</i>	<i>Sign and Frame</i>	<i>12</i>	<i>3</i>	<i>\$1,500</i>
9	<i>Mailboxes - Replace</i>	<i>(80) Boxes in Lobby</i>	<i>20</i>	<i>7</i>	<i>\$2,800</i>
10	<i>Hallways - Refurbish</i>	<i>Carpet and paint</i>	<i>10</i>	<i>6</i>	<i>\$65,000</i>
11	<i>Elevator - Replace</i>	<i>(1) 3-Stop</i>	<i>25</i>	<i>0</i>	<i>\$75,000</i>
12	<i>Lobby - Refurbish</i>	<i>Approx 750 Sq Ft + furniture</i>	<i>20</i>	<i>6</i>	<i>\$10,000</i>
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