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ASSOCIATION RESERVES®
Planning For The Inevitable

Regional Offices
Arizona, California, Colorado, Florida, Hawaii, Mid-Atlantic, Midwest, Nevada, New Jersey, New Mexico, North Carolina, Ohio, Texas, Washington

Sample Association

Anywhere, CA

Report #: 17918-4
Beginning: January 1, 2027
Expires: December 31, 2027

RESERVE STUDY

"Do-It-Yourself" Kit

August 6, 2026

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.

ASSOCIATION RESERVES™

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Planning For The Inevitable™

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Reserve Study Executive Summary — Do-It-Yourself Kit

Sample Association - Sample DIY
Anywhere, CA
Level of Service: **"Do-It-Yourself" Kit**

Report #: **17918-4**
\# of Units: 71
January 1, 2027 through **December 31, 2027**

Findings & Recommendations

as of January 1, 2027

Projected Starting Reserve Balance	**$100,000**
Projected "Fully Funded" (Ideal) Reserve Balance	**$202,087**
Percent Funded	**49.5 %**
Required 2027 Special Assessments	**$0**
Minimum 2027 Funding Required to Maintain Reserves above $0 through Year 30	**$0**
(Optional Alternative) Recommended 2027 Funding to Achieve 100% Funded by Year 30	**$28,600**

Reserve Fund Strength: 49.5%

Weak	Fair	Strong	
	< 30%	< 70%	> 130%
	X		
High	Medium	Low	

Risk of Special Assessment:

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves . . . . . **2.00 %**
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 personnel. As such, no site inspection was performed by Association Reserves personnel as part of this Reserve Study.

This Reserve Study was prepared by a credentialed Reserve Specialist (RS).

Your Reserve Fund is currently at 49.5 % Funded. Being below/between/above XX% Funded represents a weak/fair/strong Reserve position. Associations in this range have a Medium risk of Reserve cash-flow problems (such as special assessments and/or deferred maintenance) in the near future.

Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase/decrease your Reserve contributions... XXXand to implement a special assessment of $0.

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

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

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

2027

#	Component	Quantity	Unit of Measure	Expenses
	General Common Areas			
11	Elevator - replace	1	3-stop	$75,000
	Chapter Cost			**$75,000**

Annual Total: **$75,000**

2028

(No Projected Reserve Expenses)

2029

#	Component	Quantity	Unit of Measure	Expenses
	General Common Areas			
2	Fence - Repaint	5,400	Sq Ft	$4,774
3	Fence - Replace	450	450 Linear Ft	$18,566
	Chapter Cost			**$23,340**

Annual Total: **$23,340**

2030

#	Component	Quantity	Unit of Measure	Expenses
	General Common Areas			
8	Entry Sign - Replace	1	Sign and Frame	$1,639
	Chapter Cost			**$1,639**

Annual Total: **$1,639**

2031

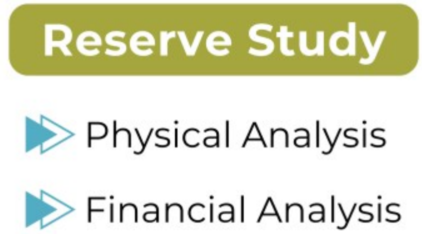
#	Component	Quantity	Unit of Measure	Expenses
	General Common Areas			
4	Buildings - Repaint	8	Buildings	$72,595
6	Parking Lot - Seal	1	Small parking lot	$1,126
	Chapter Cost			**$73,721**

Annual Total: **$73,721**

Grand Total: **$173,700**

Introduction

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



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

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

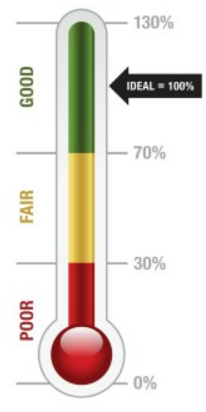
The Financial Analysis

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!



RESERVE FUND STRENGTH

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.

RESERVE FUNDING PRINCIPLES

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.

FUNDING OBJECTIVES

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

Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all these expenses will all take place as anticipated. This Reserve Study needs to be updated annually because we expect the timing of these expenses to shift and the size of these expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away. Please be aware of your near-term expenses, which we are able to project more accurately than the more distant projections. The figure below summarizes the projected future expenses at your association as defined by your Reserve Component List. A summary of these components are shown in the Component Details table, while a summary of the expenses themselves are shown in the 30-yr Expense Summary table. Note the future years of high projected Reserve expenses.

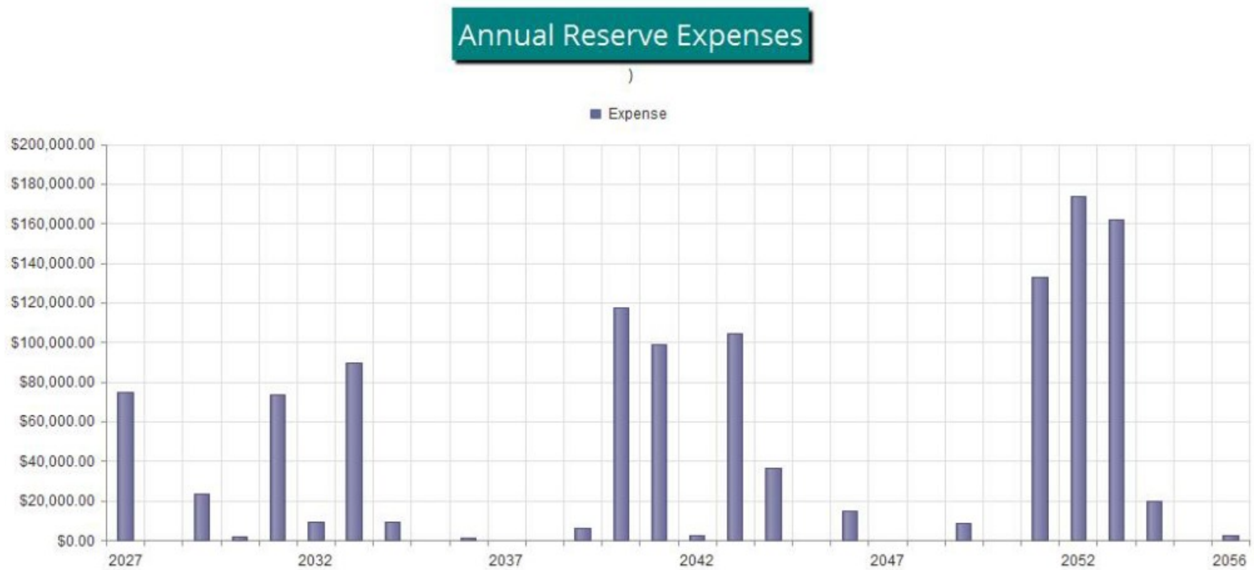


Figure 1

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be $100,000 as-of the start of your Fiscal Year on 1/1/2027. As of your Fiscal Year Start, your Fully Funded Balance is computed to be $202,087. This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 49.5 % Funded.

Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending budgeted contributions of $28,600 per month this Fiscal Year. The overall 30-yr plan, in perspective, is shown below. This same information is shown numerically in both the 30-yr Summary and the Cash Flow Detail tables.

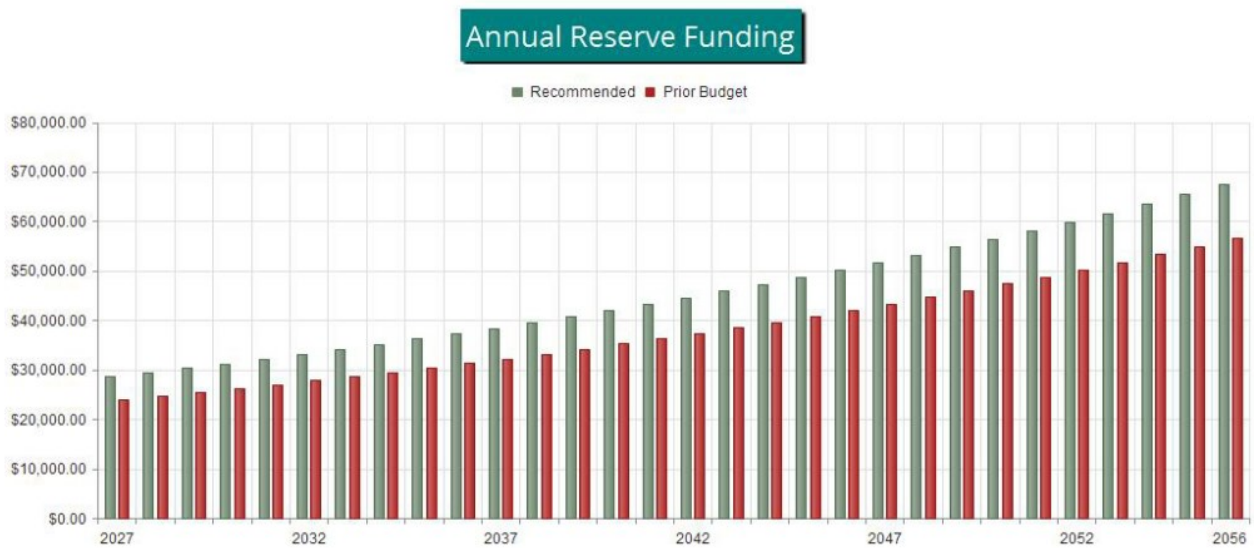


Figure 2

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

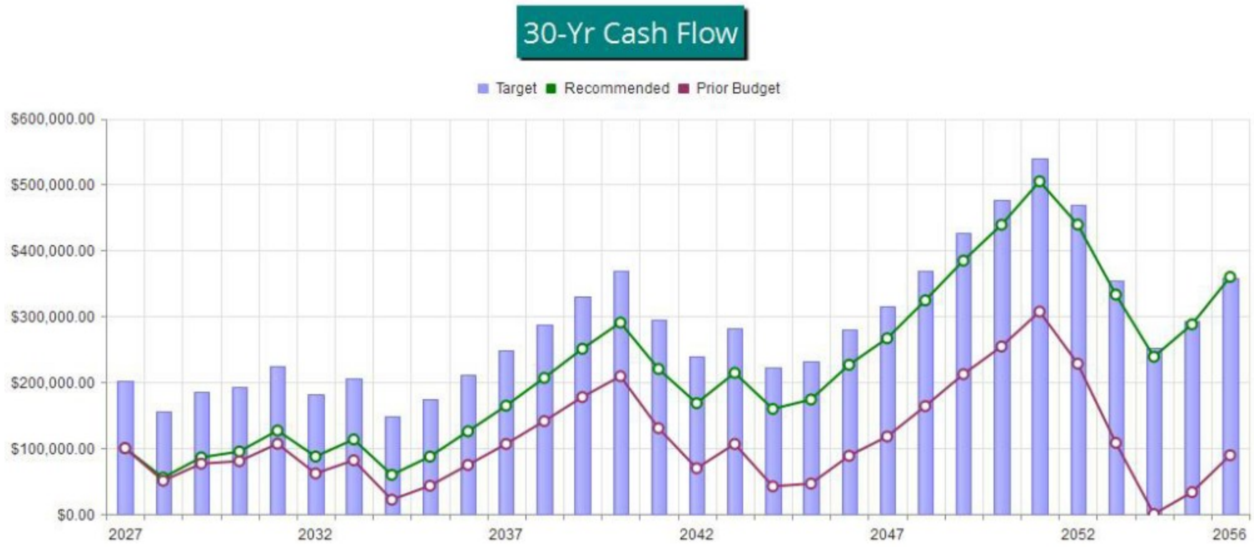


Figure 3

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

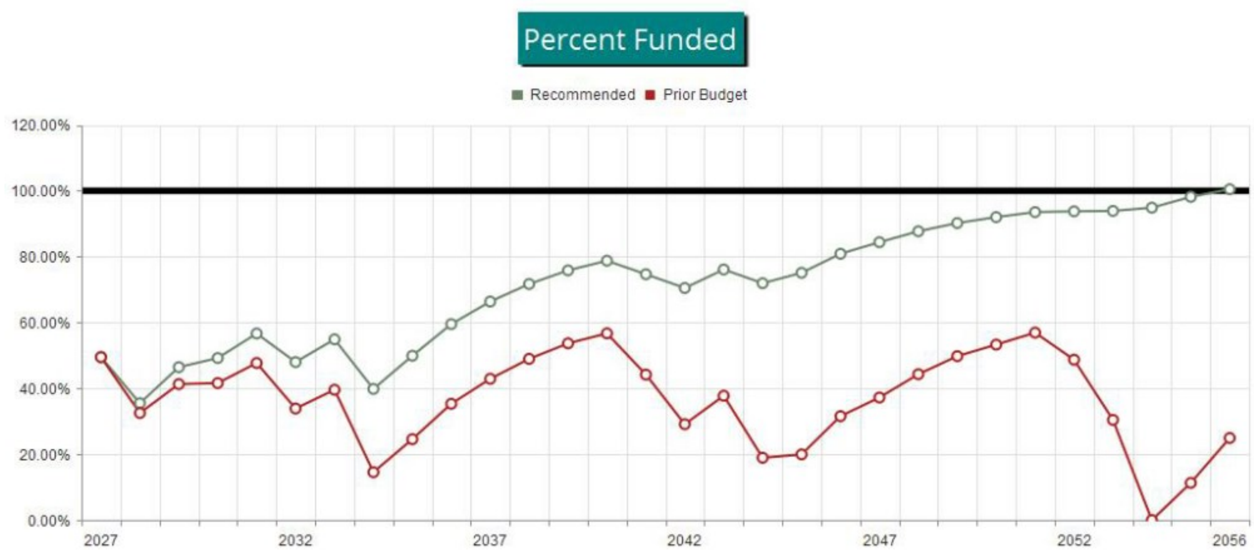


Figure 4

Table Descriptions

Executive Summary is a summary of your Reserve Components

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

Fully Funded Balance shows the calculation of the Fully Funded Balance for each of your components, and their 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.

Accounting & Tax Summary provides information on each Component's proportion of key totals. If shown, the Current Fund Balance is a re-distribution of the current Reserve total to near-term (low RUL) projects first. Any Reserve transfer shown is a portion of the total current transfer rate, assigned proportionally on the basis of that component's deterioration cost/yr. As this is a Cash Flow analysis in which no funds are assigned or restricted to particular components, all values shown are only representative and have no merit outside of tax preparation purposes. They are not useful for Reserve funding calculations.

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	Approx	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate
	General Common Areas					
1	Roof - Replace	20,000	Sq Ft	20	13	$80,000
2	Fence - Repaint	5,400	Sq Ft	5	2	$4,500
3	Fence - Replace	450	450 Linear Ft	15	2	$17,500
4	Buildings - Repaint	8	Buildings	10	4	$64,500
5	Parking Lot - Resurface	1	Small parking lot	20	19	$7,500
6	Parking Lot - Seal	1	Small parking lot	5	4	$1,000
7	Well - Refurbish	1	well	20	5	$8,000
8	Entry Sign - Replace	1	Sign and Frame	12	3	$1,500
9	Mailboxes	80	boxes (in lobby)	20	7	$2,800
10	Hallways - refurb	1	Carpet and paint	10	6	$65,000
11	Elevator - replace	1	3-stop	25	0	$75,000
12	Lobby - refurb	750	Sq Ft	20	6	$10,000

12 Total Funded Components

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

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

#	Component	UL	RUL	Current Cost Estimate	Fully Funded Balance	Projected Reserve Balance	Proportional Reserve Funding
	General Common Areas						
1	Roof - Replace	20	13	$80,000	$28,000	$0	$4,815.49
2	Fence - Repaint	5	2	$4,500	$2,700	$2,700	$1,083.49
3	Fence - Replace	15	2	$17,500	$15,167	$15,167	$1,404.52
4	Buildings - Repaint	10	4	$64,500	$38,700	$5,808	$7,764.98
5	Parking Lot - Resurface	20	19	$7,500	$375	$0	$451.45
6	Parking Lot - Seal	5	4	$1,000	$200	$200	$240.77
7	Well - Refurbish	20	5	$8,000	$6,000	$0	$481.55
8	Entry Sign - Replace	12	3	$1,500	$1,125	$1,125	$150.48
9	Mailboxes	20	7	$2,800	$1,820	$0	$168.54
10	Hallways - refurb	10	6	$65,000	$26,000	$0	$7,825.17
11	Elevator - replace	25	0	$75,000	$75,000	$75,000	$3,611.62
12	Lobby - refurb	20	6	$10,000	$7,000	$0	$601.94
12	Total Funded Components				$202,087	$100,000	$28,600

Fiscal Year Start: 2027	Net After Tax Interest: 2.00 %	Avg 30-Yr Inflation: 3.00 %
Reserve Fund Strength (as-of Fiscal Year Start)	Projected Reserve Balance Changes	

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase In Annual Reserve Funding	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
2027	$100,000	$202,087	49.5 %	Medium	19.17 %	$28,600	$0	$1,550	$75,000
2028	$55,150	$155,369	35.5 %	Medium	3.00 %	$29,458	$0	$1,410	$0
2029	$86,019	$185,233	46.4 %	Medium	3.00 %	$30,342	$0	$1,807	$23,340
2030	$94,827	$192,710	49.2 %	Medium	3.00 %	$31,252	$0	$2,213	$1,639
2031	$126,653	$223,541	56.7 %	Medium	3.00 %	$32,190	$0	$2,137	$73,721
2032	$87,259	$181,855	48.0 %	Medium	3.00 %	$33,155	$0	$2,002	$9,274
2033	$113,143	$206,125	54.9 %	Medium	3.00 %	$34,150	$0	$1,725	$89,554
2034	$59,463	$149,286	39.8 %	Medium	3.00 %	$35,174	$0	$1,465	$8,978
2035	$87,124	$174,612	49.9 %	Medium	3.00 %	$36,230	$0	$2,124	$0
2036	$125,478	$210,847	59.5 %	Medium	3.00 %	$37,317	$0	$2,896	$1,305
2037	$164,386	$247,755	66.3 %	Medium	3.00 %	$38,436	$0	$3,706	$0
2038	$206,528	$288,073	71.7 %	Low	3.00 %	$39,589	$0	$4,568	$0
2039	$250,685	$330,586	75.8 %	Low	3.00 %	$40,777	$0	$5,407	$6,416
2040	$290,452	$368,783	78.8 %	Low	3.00 %	$42,000	$0	$5,101	$117,483
2041	$220,071	$294,773	74.7 %	Low	3.00 %	$43,260	$0	$3,879	$99,075
2042	$168,135	$238,582	70.5 %	Low	3.00 %	$44,558	$0	$3,820	$2,337
2043	$214,175	$281,455	76.1 %	Low	3.00 %	$45,895	$0	$3,733	$104,306
2044	$159,498	$221,730	71.9 %	Low	3.00 %	$47,271	$0	$3,329	$36,363
2045	$173,736	$231,372	75.1 %	Low	3.00 %	$48,690	$0	$3,998	$0
2046	$226,424	$279,971	80.9 %	Low	3.00 %	$50,150	$0	$4,926	$14,905
2047	$266,595	$315,925	84.4 %	Low	3.00 %	$51,655	$0	$5,902	$0
2048	$324,152	$369,597	87.7 %	Low	3.00 %	$53,204	$0	$7,080	$0
2049	$384,436	$426,205	90.2 %	Low	3.00 %	$54,801	$0	$8,226	$8,622
2050	$438,840	$476,996	92.0 %	Low	3.00 %	$56,445	$0	$9,427	$0
2051	$504,712	$539,598	93.5 %	Low	3.00 %	$58,138	$0	$9,430	$133,148
2052	$439,132	$468,385	93.8 %	Low	3.00 %	$59,882	$0	$7,714	$173,784
2053	$332,945	$354,673	93.9 %	Low	3.00 %	$61,679	$0	$5,710	$161,744
2054	$238,589	$251,487	94.9 %	Low	3.00 %	$63,529	$0	$5,260	$19,547
2055	$287,830	$293,251	98.2 %	Low	3.00 %	$65,435	$0	$6,470	$0
2056	$359,735	$358,033	100.5 %	Low	3.00 %	$67,398	$0	$7,917	$2,357

#	Fiscal Year	2027	2028	2029	2030	2031
	Starting Reserve Balance	$100,000	$55,150	$86,019	$94,827	$126,653
	Annual Reserve Funding	$28,600	$29,458	$30,342	$31,252	$32,190
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$1,550	$1,410	$1,807	$2,213	$2,137
	Total Income	$130,150	$86,019	$118,167	$128,292	$160,980
#	Component					
	General Common Areas					
1	Roof - Replace	$0	$0	$0	$0	$0
2	Fence - Repaint	$0	$0	$4,774	$0	$0
3	Fence - Replace	$0	$0	$18,566	$0	$0
4	Buildings - Repaint	$0	$0	$0	$0	$72,595
5	Parking Lot - Resurface	$0	$0	$0	$0	$0
6	Parking Lot - Seal	$0	$0	$0	$0	$1,126
7	Well - Refurbish	$0	$0	$0	$0	$0
8	Entry Sign - Replace	$0	$0	$0	$1,639	$0
9	Mailboxes	$0	$0	$0	$0	$0
10	Hallways - refurb	$0	$0	$0	$0	$0
11	Elevator - replace	$75,000	$0	$0	$0	$0
12	Lobby - refurb	$0	$0	$0	$0	$0
	Total Expenses	$75,000	$0	$23,340	$1,639	$73,721
	Ending Reserve Balance	$55,150	$86,019	$94,827	$126,653	$87,259

#	Fiscal Year	2032	2033	2034	2035	2036
	Starting Reserve Balance	$87,259	$113,143	$59,463	$87,124	$125,478
	Annual Reserve Funding	$33,155	$34,150	$35,174	$36,230	$37,317
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$2,002	$1,725	$1,465	$2,124	$2,896
	Total Income	$122,417	$149,017	$96,102	$125,478	$165,690
#	Component					
	General Common Areas					
1	Roof - Replace	$0	$0	$0	$0	$0
2	Fence - Repaint	$0	$0	$5,534	$0	$0
3	Fence - Replace	$0	$0	$0	$0	$0
4	Buildings - Repaint	$0	$0	$0	$0	$0
5	Parking Lot - Resurface	$0	$0	$0	$0	$0
6	Parking Lot - Seal	$0	$0	$0	$0	$1,305
7	Well - Refurbish	$9,274	$0	$0	$0	$0
8	Entry Sign - Replace	$0	$0	$0	$0	$0
9	Mailboxes	$0	$0	$3,444	$0	$0
10	Hallways - refurb	$0	$77,613	$0	$0	$0
11	Elevator - replace	$0	$0	$0	$0	$0
12	Lobby - refurb	$0	$11,941	$0	$0	$0
	Total Expenses	$9,274	$89,554	$8,978	$0	$1,305
	Ending Reserve Balance	$113,143	$59,463	$87,124	$125,478	$164,386

#	Fiscal Year	2037	2038	2039	2040	2041
	Starting Reserve Balance	$164,386	$206,528	$250,685	$290,452	$220,071
	Annual Reserve Funding	$38,436	$39,589	$40,777	$42,000	$43,260
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$3,706	$4,568	$5,407	$5,101	$3,879
	Total Income	$206,528	$250,685	$296,868	$337,553	$267,209
#	Component					
	General Common Areas					
1	Roof - Replace	$0	$0	$0	$117,483	$0
2	Fence - Repaint	$0	$0	$6,416	$0	$0
3	Fence - Replace	$0	$0	$0	$0	$0
4	Buildings - Repaint	$0	$0	$0	$0	$97,562
5	Parking Lot - Resurface	$0	$0	$0	$0	$0
6	Parking Lot - Seal	$0	$0	$0	$0	$1,513
7	Well - Refurbish	$0	$0	$0	$0	$0
8	Entry Sign - Replace	$0	$0	$0	$0	$0
9	Mailboxes	$0	$0	$0	$0	$0
10	Hallways - refurb	$0	$0	$0	$0	$0
11	Elevator - replace	$0	$0	$0	$0	$0
12	Lobby - refurb	$0	$0	$0	$0	$0
	Total Expenses	$0	$0	$6,416	$117,483	$99,075
	Ending Reserve Balance	$206,528	$250,685	$290,452	$220,071	$168,135

#	Fiscal Year	2042	2043	2044	2045	2046
	Starting Reserve Balance	$168,135	$214,175	$159,498	$173,736	$226,424
	Annual Reserve Funding	$44,558	$45,895	$47,271	$48,690	$50,150
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$3,820	$3,733	$3,329	$3,998	$4,926
	Total Income	$216,512	$263,804	$210,099	$226,424	$281,500
#	Component					
	General Common Areas					
1	Roof - Replace	$0	$0	$0	$0	$0
2	Fence - Repaint	$0	$0	$7,438	$0	$0
3	Fence - Replace	$0	$0	$28,925	$0	$0
4	Buildings - Repaint	$0	$0	$0	$0	$0
5	Parking Lot - Resurface	$0	$0	$0	$0	$13,151
6	Parking Lot - Seal	$0	$0	$0	$0	$1,754
7	Well - Refurbish	$0	$0	$0	$0	$0
8	Entry Sign - Replace	$2,337	$0	$0	$0	$0
9	Mailboxes	$0	$0	$0	$0	$0
10	Hallways - refurb	$0	$104,306	$0	$0	$0
11	Elevator - replace	$0	$0	$0	$0	$0
12	Lobby - refurb	$0	$0	$0	$0	$0
	Total Expenses	$2,337	$104,306	$36,363	$0	$14,905
	Ending Reserve Balance	$214,175	$159,498	$173,736	$226,424	$266,595

#	Fiscal Year	2047	2048	2049	2050	2051
	Starting Reserve Balance	$266,595	$324,152	$384,436	$438,840	$504,712
	Annual Reserve Funding	$51,655	$53,204	$54,801	$56,445	$58,138
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$5,902	$7,080	$8,226	$9,427	$9,430
	Total Income	$324,152	$384,436	$447,462	$504,712	$572,280
#	Component					
	General Common Areas					
1	Roof - Replace	$0	$0	$0	$0	$0
2	Fence - Repaint	$0	$0	$8,622	$0	$0
3	Fence - Replace	$0	$0	$0	$0	$0
4	Buildings - Repaint	$0	$0	$0	$0	$131,115
5	Parking Lot - Resurface	$0	$0	$0	$0	$0
6	Parking Lot - Seal	$0	$0	$0	$0	$2,033
7	Well - Refurbish	$0	$0	$0	$0	$0
8	Entry Sign - Replace	$0	$0	$0	$0	$0
9	Mailboxes	$0	$0	$0	$0	$0
10	Hallways - refurb	$0	$0	$0	$0	$0
11	Elevator - replace	$0	$0	$0	$0	$0
12	Lobby - refurb	$0	$0	$0	$0	$0
	Total Expenses	$0	$0	$8,622	$0	$133,148
	Ending Reserve Balance	$324,152	$384,436	$438,840	$504,712	$439,132

#	Fiscal Year	2052	2053	2054	2055	2056
	Starting Reserve Balance	$439,132	$332,945	$238,589	$287,830	$359,735
	Annual Reserve Funding	$59,882	$61,679	$63,529	$65,435	$67,398
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$7,714	$5,710	$5,260	$6,470	$7,917
	Total Income	$506,728	$400,334	$307,378	$359,735	$435,050
#	Component					
	General Common Areas					
1	Roof - Replace	$0	$0	$0	$0	$0
2	Fence - Repaint	$0	$0	$9,996	$0	$0
3	Fence - Replace	$0	$0	$0	$0	$0
4	Buildings - Repaint	$0	$0	$0	$0	$0
5	Parking Lot - Resurface	$0	$0	$0	$0	$0
6	Parking Lot - Seal	$0	$0	$0	$0	$2,357
7	Well - Refurbish	$16,750	$0	$0	$0	$0
8	Entry Sign - Replace	$0	$0	$3,332	$0	$0
9	Mailboxes	$0	$0	$6,220	$0	$0
10	Hallways - refurb	$0	$140,178	$0	$0	$0
11	Elevator - replace	$157,033	$0	$0	$0	$0
12	Lobby - refurb	$0	$21,566	$0	$0	$0
	Total Expenses	$173,784	$161,744	$19,547	$0	$2,357
	Ending Reserve Balance	$332,945	$238,589	$287,830	$359,735	$432,694

Accuracy, Limitations, and Disclosures

Association Reserves and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Robert M. Nordlund, P.E., R.S., company Founder/CEO, is a California licensed Professional Engineer (Mechanical, #22322), and credentialed Reserve Specialist (#5). All work done by Association Reserves is performed under his Responsible Charge and is performed in accordance with National Reserve Study Standards (NRSS). There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the client’s situation. Per NRSS, information provided by official representative(s) of the client, vendors, and suppliers regarding financial details, component physical details and/or quantities, or historical issues/conditions will be deemed reliable, and is not intended to be used for the purpose of any type of audit, quality/forensic analysis, or background checks of historical records. As such, information provided to us has not been audited or independently verified. Estimates for interest and inflation have been included, because including such estimates are more accurate than ignoring them completely. When we are hired to prepare Update reports, the client is considered to have deemed those previously developed component quantities as accurate and reliable, whether established by our firm or other individuals/firms (unless specifically mentioned in our Site Inspection Notes). During inspections our company standard is to establish measurements within 5% accuracy, and our scope includes visual inspection of accessible areas and components and does not include any destructive or other testing. Our work is done only for budget purposes. Uses or expectations outside our expertise and scope of work include, but are not limited to, project audit, quality inspection, and the identification of construction defects, hazardous materials, or dangerous conditions. Identifying hidden issues such as but not limited to plumbing or electrical problems are also outside our scope of work. Our estimates assume proper original installation & construction, adherence to recommended preventive maintenance, a stable economic environment, and do not consider frequency or severity of natural disasters. Our opinions of component Useful Life, Remaining Useful Life, and current or future cost estimates are not a warranty or guarantee of actual costs or timing. Because the physical and financial status of the property, legislation, the economy, weather, owner expectations, and usage are all in a continual state of change over which we have no control, we do not expect that the events projected in this document will all occur exactly as planned. This Reserve Study is by nature a “one-year” document in need of being updated annually so that more accurate estimates can be incorporated. It is only because a long-term perspective improves the accuracy of near-term planning that this Report projects expenses into the future. We fully expect a number of adjustments will be necessary through the interim years to the cost and timing of expense projections and the funding necessary to prepare for those estimated expenses. In this engagement our compensation is not contingent upon our conclusions, and our liability in any matter involving this Reserve Study is limited to our fee for services rendered.

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)
UOM	Unit of Measure
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 primary purpose of the Component Details appendix is to provide the reader with the basis of our funding assumptions resulting from our physical analysis and subsequent research. The information presented here represents a wide range of components that were observed and measured against National Reserve Study Standards to determine if they meet the criteria for reserve funding. 1) Common area repair & replacement responsibility 2) Need and schedule for the project can be reasonably anticipated, and 3) The total cost for the project is material to the association, can be reasonably estimated, and includes all direct and related costs.. Not all your components may have been found appropriate for reserve funding. In our judgment, the components meeting the above four criteria are shown with the Useful Life (how often the project is expected to occur), Remaining Useful Life (when the next instance of the expense will be) and representative market cost range termed “Best Cost” and “Worst Cost”. There are many factors that can result in a wide variety of potential costs, and we have attempted to present the cost range in which your actual expense will occur. Where no Useful Life, Remaining Useful Life, or pricing exists, the component was deemed inappropriate for Reserve Funding.

General Common Areas

Comp #: 1 Roof - Replace **Approx Quantity: 20,000 Sq Ft**
Location:
Funded?: Yes.
History:
Comments:
Useful Life: 20 years **Remaining Life:** 13 years
Lower Estimate: $ 72,000 **Higher Estimate:** $88,000
Cost Source:

Comp #: 2 Fence - Repaint **Approx Quantity: 5,400 Sq Ft**
Location:
Funded?: Yes.
History:
Comments:
Useful Life: 5 years **Remaining Life:** 2 years
Lower Estimate: $ 4,050 **Higher Estimate:** $4,950
Cost Source:

Comp #: 3 Fence - Replace **Approx Quantity: 450 450 Linear Ft**
Location:
Funded?: Yes.
History:
Comments:
Useful Life: 15 years **Remaining Life:** 2 years
Lower Estimate: $ 15,800 **Higher Estimate:** $19,200
Cost Source:

Comp #: 4 Buildings - Repaint **Approx Quantity: 8 Buildings**
Location:
Funded?: Yes.
History:
Comments:
Useful Life: 10 years **Remaining Life:** 4 years
Lower Estimate: $ 58,000 **Higher Estimate:** $71,000
Cost Source:

Comp #: 5 Parking Lot - Resurface **Approx Quantity: 1 Small parking lot**
Location:
Funded?: Yes.
History:
Comments:
Useful Life: 20 years **Remaining Life:** 19 years
Lower Estimate: $ 6,750 **Higher Estimate:** $8,250
Cost Source:

Comp #: 6 Parking Lot - Seal **Approx Quantity: 1 Small parking lot**
Location:
Funded?: Yes.
History:
Comments:
Useful Life: 5 years **Remaining Life:** 4 years
Lower Estimate: $ 900 **Higher Estimate:** $1,100
Cost Source:

Comp #: 7 Well - Refurbish **Approx Quantity: 1 well**
Location:
Funded?: Yes.
History:
Comments:
Useful Life: 20 years **Remaining Life:** 5 years
Lower Estimate: $ 7,200 **Higher Estimate:** $8,800
Cost Source:

Comp #: 8 Entry Sign - Replace **Approx Quantity: 1 Sign and Frame**
Location:
Funded?: Yes.
History:
Comments:
Useful Life: 12 years **Remaining Life:** 3 years
Lower Estimate: $ 1,350 **Higher Estimate:** $1,650
Cost Source:

Comp #: 9 Mailboxes **Approx Quantity: 80 boxes (in lobby)**
Location:
Funded?: Yes.
History:
Comments:
Useful Life: 20 years **Remaining Life:** 7 years
Lower Estimate: $ 2,520 **Higher Estimate:** $3,080
Cost Source:

Comp #: 10 Hallways - refurb **Approx Quantity: 1 Carpet and paint**
Location:
Funded?: Yes.
History:
Comments:
Useful Life: 10 years **Remaining Life:** 6 years
Lower Estimate: $ 58,500 **Higher Estimate:** $71,500
Cost Source:

Comp #: 11 Elevator - replace **Approx Quantity: 1 3-stop**
Location:
Funded?: Yes.
History:
Comments:
Useful Life: 25 years **Remaining Life:** 0 years
Lower Estimate: $ 67,500 **Higher Estimate:** $82,500
Cost Source:

Comp #: 12 Lobby - refurb **Approx Quantity: 750 Sq Ft**
Location:
Funded?: Yes.
History:
Comments:
Useful Life: 20 years **Remaining Life:** 6 years
Lower Estimate: $ 9,000 **Higher Estimate:** $11,000
Cost Source:

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