

Monday, June 29, 2020

Level 2, Premium Reserve Analysis

# Carriages Neighborhood at Pine Creek Village 2655 Pine Knoll View Colorado Springs, CO. 80920



## FINAL VERSION

Report Period – 01/01/20 – 12/31/20

Client Reference Number – 08274

Property Type – Duplex Homes

Fiscal Year End – December 31st

Number of Units – 38

Date of Property Observation – January 14, 2020

Property Observation Conducted by – Justin Huggins

Project Manager – Justin Huggins

Main Contact Person – Jessica Walker, CMCA, CAM



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## Introduction to the Reserve Analysis –

The elected officials of this association made a wise decision to invest in a Reserve Analysis to get a better understanding of the status of the Reserve funds. This Analysis will be a valuable tool to assist the Board of Directors in making the decision to which the dues are derived. Typically, the Reserve contribution makes up 15% - 40% of the association's total budget. Therefore, Reserves is considered to be a significant part of the overall monthly association payment.

Every association conducts its business within a budget. There are typically two main parts to this budget, Operating and Reserves. The Operating budget includes all expenses that are fixed on an annual basis. These would include management fees, maintenance fees, utilities, etc. The Reserves is primarily made up of Capital Replacement items such as asphalt, roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

The Reserve Analysis is also broken down into two different parts, the Physical Analysis and the Financial Analysis. The Physical Analysis is information regarding the physical status and replacement cost of major common area components that the association is responsible to maintain. It is important to understand that while the Component Inventory will remain relatively "stable" from year to year, the Condition Assessment and Life/Valuation Estimates will most likely vary from year to year. You can find this information in the **Asset Inventory Section** (Section 2) of this Reserve Analysis. The **Financial Analysis Section** is the evaluation of the association's Reserve balance, income, and expenses. This is made up of a finding of the clients current Reserve Fund Status (measured as Percent Funded) and a recommendation for an appropriate Reserve Allocation rate (also known as the Funding Plan). You can find this information in Section 3 of this Reserve Analysis.

The purpose of this Reserve Analysis is to provide an educated estimate as to what the Reserve Allocation needs to be. The detailed schedules will serve as an advanced warning that major projects will need to be addressed in the future. This will allow the Board of Directors to have ample timing to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. This will also ensure the physical well being of the property and ultimately enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to Special Assessments.

It is important for the client, homeowners, and potential future homeowners to understand that the information contained in this analysis is based on estimates and assumptions gathered from various sources. Estimated life expectancies and cycles are based upon conditions that were readily visible and accessible at time of the observation. No destructive or intrusive methods (such as entering the walls to inspect the condition of electrical wiring, plumbing lines, and telephone wires) were performed. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), construction defects, and acts of nature have not been investigated in the preparation of this report. If problem areas were revealed, a reasonable effort has been made to include these items within the report. While every effort has been made to ensure accurate results, this report reflects the judgment of Aspen Reserve Specialties and should not be construed as a guarantee or assurance of predicting future events.

## **General Information and Answers to Frequently Asked Questions –**

### **Why is it important to perform a Reserve Study?**

As previously mentioned, the Reserve allocation makes up a significant portion of the total monthly dues. This report provides the essential information that is needed to guide the Board of Directors in establishing the budget in order to run the daily operations of your association. It is suggested that a third party professionally prepare a Reserve Study since there is no vested interest in the property. Also, a professional knows what to look for and how to properly develop an accurate and reliable component list.

### **Now that we have “it”, what do we do with “it”?**

Hopefully, you will not look at this report and think it is too cumbersome to understand. Our intention is to make this Reserve Analysis very easy to read and understand. Please take the time to review it carefully and make sure the “main ingredients” (asset information) are complete and accurate. If there are any inaccuracies, please inform us immediately so we may revise the report.

Once you feel the report is an accurate tool to work from, use it to help establish your budget for the upcoming fiscal year. The Reserve allocation makes up a significant portion of the total monthly dues and this report should help you determine the correct amount of money to go into the Reserve fund. Additionally, the Reserve Study should act as a guide to obtain proposals in advance of pending normal maintenance and replacement projects. This will give you an opportunity to shop around for the best price available.

The Reserve Study should be readily available for Real Estate agents, brokerage firms, and lending institutions for potential future homeowners. As the importance of Reserves becomes more of a household term, people are requesting homeowners associations to reveal the strength of the Reserve fund prior to purchasing a condominium or townhome.

### **How often do we update or review “it”?**

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has projections for the next 30 years. Just like any major line item in the budget, the Reserve Analysis should be reviewed *each year before* the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Aging rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the content of the Reserve Analysis. Therefore, this analysis should be reviewed annually, and a property observation should be conducted at least once every three years.

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

The Government requires reserve analyses in approximately 20 states. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study be completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. This may not mean a Reserve Analysis is required, but how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think \$50,000 is a lot of money and they are in good shape. What they don't know is the roof will need to be replaced within 5 years, and the cost of the roof is going to exceed \$75,000. So while \$50,000 sounds like a lot of money, in reality it won't even cover the cost of a roof, let alone all the other amenities the association is responsible to maintain.

## **What makes an asset a “Reserve” item versus an “Operating” item?**

A “Reserve” asset is an item that is the responsibility of the association to maintain, has a limited Useful Life, predictable Remaining Useful Life expectancies, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold cost. An “operating” expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a roof for damage caused by high winds or other weather elements would be considered an “operating” expense. However, if the entire roof needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a Reserve expense.

## **The GREY area of “maintenance” items that are often seen in a Reserve Study –**

One of the most popular questions revolves around major “maintenance” items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a “capital” item, then it cannot be considered a Reserve issue. However, it is the opinion of several major Reserve Study providers that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to ignore a major expense that meets the criteria to be considered a Reserve component. Once explained in this context, many accountants tend to agree and will include any expenses, such as these examples, as a Reserve component.

## **The Property Observation –**

The Property Observation was conducted following a review of the documents that were established by the developer identifying all common area assets. In some cases, the Board of Directors at some point may have revised the documents. In either case, the most current set of documents was reviewed prior to inspecting the property. In addition, common area assets may have been reported to Aspen Reserve Specialties by the client, or by other parties.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the observation. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the observation. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property.

## **The Reserve Fund Analysis –**

We projected the starting balance from taking the most recent balance statement, adding expected Reserve contributions for the rest of the year, and subtracting any pending projects for the rest of the year. We compared this number to the ideal Reserve Balance and arrived at the Percent funded level. Measures of strength are as follows:

**0% - 30% Funded** – Is considered to be a “weak” financial position. Associations that fall into this category are subject to Special Assessments and deferred maintenance, which could lead to lower property values. If the association is in this position, actions should be taken to improve the financial strength of the Reserve Fund.

**31% - 69% Funded** – The majority of associations are considered to be in this “fair” financial position. While this doesn’t represent financial strength and stability, the likelihood of Special Assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the Reserve fund.

**70% - 99% Funded** – This indicates financial strength of a Reserve fund and every attempt to maintain this level should be a goal of the association.

**100% Funded** – This is the ideal amount of Reserve funding. This means that the association has the exact amount of funds in the Reserve account that should be at any given time.



**Summary of Carriages Neighborhood at Pine Creek -****ID # - 08274**

Projected Starting Balance as of January 1, 2020 -	<b>\$92,492</b>
Ideal Reserve Balance as of January 1, 2020 -	<b>\$157,303</b>
Percent Funded as of January 1, 2020 -	<b>59%</b>
Recommended Reserve Allocation (per month) -	<b>\$1,380 (rest of 2020)</b>
Recommended Reserve Allocation (per month) -	<b>\$2,925 (starting 2021)</b>
Minimum Reserve Allocation (per month) -	<b>\$2,720 (starting 2021)</b>
Recommended Special Assessment -	<b>\$0</b>

This report is an update to an existing Reserve Study that was prepared for the association 5 years ago for the 2015 fiscal period. An observation of the property's common area elements originally took place on January 14<sup>th</sup>, 2020. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representative. To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property contains 38 duplex homes (19 buildings) that is part of a master community. Despite having common walls between the units, the building exteriors are not the responsibility of the association. Common area amenities the association is responsible to maintain include the private streets, landscaped areas, sidewalks, and the irrigation system. Please refer to the *Projected Reserve Expenditures* table in the Financial Analysis section for a list of when components are scheduled to be addressed.

In comparing the projected balance of \$92,492 versus the ideal Reserve Balance of \$157,303, we find the association Reserve fund to be in an average financial position at this point in time (approximately 59% funded of ideal). Since the budget has already been adopted for the current fiscal year, we recommend maintaining the budgeted Reserve contribution (\$1,380 per month) for the rest of 2020. However, as a result of the information contained in this report, we find the current Reserve allocation to be less than adequate in increasing the strength of the Reserve fund to prepare for future projects. Therefore, we are recommending an increase of the Reserve contribution to \$2,925 (representing an increase of approximately \$40.66 per unit) per month starting January 2021. This should be followed by nominal annual increases of 3.50% for 20 years and 4.00% thereafter to help offset the effects of inflation. By following the recommendation, the plan will maintain the Reserve account at the fully funded position throughout the thirty-year period.

In the percent Funded graph, you will see we have also provided a "minimum Reserve contribution" of \$2,720 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where additional Special Assessments, deferred maintenance, and lower property values are possible at some point in the future. The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 20% funded at any point during the thirty-year period.

This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (approximately \$5.39 per unit per month in this case) to the Reserve fund to only stay above a certain threshold. As you can see, the difference between the two scenarios is considered to be minimal, and based on the risk, we strongly suggest the recommended Reserve Allocation is followed.

Comp #: 401 Asphalt - Overlay



**Observations:**

- The average life expectancy for asphalt surfaces ranges between 20 - 27 years for surfaces that are maintained on a regular schedule.
- Maintenance includes crack fill and repairing small potholes annually as an operating expense.
- In addition, asphalt should be seal coated every 3 - 4 years, depending on the level of traffic and snow removing techniques.

**Location:** **Community Streets**

**Quantity:** **Approx. 58,425 GSF**

**Life Expectancy:** **24** Remaining Life: **11**

**Best Cost:** **\$109,000**

Est. to rotomill and 2" overlay

**Worst Cost:** **\$120,000**

Higher estimate for more repairs

**Source of Information:** Estimates received by client

**General Notes:**

**Carriage Creek Point: Approx. 5,800 GSF**

**Pine Knoll View:**

- 2605-2615: Approx. 2,940 GSF
- 9660/9668 to 9540/9548: Approx. 32,225 GSF
- 9532/9524 to end of street: Approx. 17,025 GSF
- 9628/9636 to 9652/9644: Approx. 4,525 GSF

**Project History:**

- 2014: Asphalt repairs - \$3,073
- 2013: Asphalt repairs - \$1,667.70
- 2012: Asphalt Improvements - \$4,785

**NOTE: We were asked to used the quantity from the Seal Coat Solutions estimate rather than our measurement.**

Comp #: 402 Asphalt - Seal Coat/crack fill



**Observations:**

- In this environment, expect to seal asphalt every 2 - 4 years, depending on traffic levels and effects from weather.
- Seal coating is applied to protect the asphalt from ultra-violet rays and water.
- This helps in slowing the process of oxidation and raveling.
- While acting as a protective barrier, it also maintains the appearance of the community to maintain or improve property values.

**Location:** **Community Streets**

**Quantity:** **Approx. 58,425 GSF**

**Life Expectancy:** **3** **Remaining Life:** **1**

**Best Cost:** **\$13,150**

Estimate for seal coat only

**Worst Cost:** **\$15,000**

Higher est. includes repairs

**Source of Information:** Estimates received by client

**General Notes:**

**Carriage Creek Point: Approx. 5,800 GSF**

**Pine Knoll View:**

- 2605-2615: Approx. 2,940 GSF
- 9660/9668 to 9540/9548: Approx. 32,225 GSF
- 9532/9524 to end of street: Approx. 17,025 GSF
- 9628/9636 to 9652/9644: Approx. 4,525 GSF

**Project History:**

- 2018: Crack seal, joint seal striping - \$5,825.95
- 2012/2013: Cost unknown (Classic Homes)

**NOTE: We were asked to used the quantity from the Seal Coat Solutions estimate rather than our measurement.**



Comp #: 405 Stamped Concrete - Repair/Replace



*Observations:*

- While periodic repairs are a possibility, with repairs to stamped concrete, it is difficult to match the design of the original stamp and the color.
- Therefore, we recommend complete replacement of the driveway every 20 - 25 years. We suggest coordinating this to occur at the same time as asphalt work for best cost estimate.

*Location:* **Entrance to Community**

*Quantity:* **Approx. 2,460 GSF**

*Life Expectancy:* **24** *Remaining Life:* **11**

*Best Cost:* **\$36,900**

\$15.00/GSF; Estimate to replace

*Worst Cost:* **\$41,825**

\$17.00/GSF; Higher estimate for more labor

*Source of Information:* Cost Database

*General Notes:*

Comp #: 407 Curbs/Gutters/Drain Pans - Repair



**Observations:**

- Since it is unlikely all surfaces will need to be replaced at the same time, we suggest establishing a Reserve fund to repair 15% of the area (1,350 GSF) every 6 years.
- Coordinate future repairs with asphalt work for best cost estimate since most asphalt companies can also perform concrete repairs.

**Location:** **Throughout Property**

**Quantity:** **Approx. 8,970 GSF**

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

**Best Cost:** **\$16,200**

Estimate to repair 15% of area every 6 years

**Worst Cost:** **\$18,900**

Higher estimate for more repairs

**Source of Information:** Cost Database

**General Notes:**

**Carriage Creek Point:**

- Curb/gutter: Approx. 2,025 GSF
- Drain pans: Approx. 225 GSF

**Pine Knoll View:**

**2605-2615:**

- Drain pan: Approx. 360 GSF

**9660/9668 to 9540/9548:**

- Drain pans: Approx. 3,570 GSF
- Curb/gutters: Approx. 700 GSF

**9532/9524 to end of street:**

- Drain pans: Approx. 480 GSF
- Curb/gutters: Approx. 875 GSF

**9628/9636 to 9652/9644:**

- Drain pans: Approx. 510 GSF
- Curb/gutters: Approx. 225 GSF

**Project History:**

- 2012: Repairs to the drain pan - \$2,500
- 2014: Various repairs - \$2,490

**NOTE: The driveway aprons in front of each garage door are the responsibility of each owner per the supplemental declaration.**



Comp #: 601 Concrete Sidewalks/Decks - Repair



**Observations:**

- Similar to other concrete surfaces, it is unlikely that all concrete surfaces will fail and need to be replaced at the same time.
- Therefore, we suggest establishing a Reserve fund for frequent repairs and replacement to a percentage of the area (15% or 1,500 GSF) every 6 years.
- Coordinate repairs with other concrete surfaces for best cost estimate.

**Location:** Common Areas

**Quantity:** Approx. 9,925 GSF

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

**Best Cost:** \$16,500

Estimate to replace 15% of area every 6 years

**Worst Cost:** \$19,500

Higher estimate for more repairs

**Source of Information:** Cost Database

**General Notes:**

**Along Carriage Creek Point: Approx. 1,900 GSF  
from Carriage Creek Way to Pine Knoll View (behind  
2655/2645): Approx. 875 GSF  
Mailboxes to 9660: Approx. 750 GSF  
Between 9603/9611: Approx. 100 GSF  
Center of Community: Approx. 5,000 GSF  
Mailbox Area: Approx. 250 GSF  
Behind 2655/2645: Approx. 1,050 GSF**

**NOTE - The sidewalks that lead to the front doors are the responsibility of each owner per the supplemental declaration.**

Comp #: 803 Mailboxes/Structure - Replace



**Observations:**

- It was reported the boxes and structure are the responsibility of the Pine Creek Village master Association.
- Therefore, separate Reserve funding is not required for this component.

**Location:** Entrance to community

**Quantity:** (3) Assorted CBU's

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

**Best Cost:** \$0

**Worst Cost:** \$0

**Source of Information:**

**General Notes:**

- (2) 16 box CBU's w/ 2 parcel, 1 outgoing
- (1) 8 box CBU's w/ 2 parcel, 1 outgoing

**Structure:**

- Roof: Approx. 1.5 squares
- Rain gutters: Approx. 30 LF
- Downspouts: Approx. 15 LF
- Stone Work: Approx. 165 GSF
- Stucco: Approx. 100 GSF



Comp #: 1002 Perimeter Fence - Replace



**Observations:**

- It was reported in the original Reserve Study that this fence is the responsibility of the master association to maintain, not Carriages Neighborhood.
- Therefore, Reserve funding is not included in this report for eventual replacement or maintenance.
- This line item is provided for future reference to Board members, community managers, and Reserve professionals.

**Location:** See General Notes

**Quantity:** Approx. 1,460 LF

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

**Best Cost:** \$0

**Worst Cost:** \$0

**Source of Information:**

**General Notes:**

**Ironwork Fencing:**

- West Side: Approx. 220 LF
- North Side: Approx. 1,110 LF
- Tube Railing on Retaining Wall: Approx. 130 LF

**Stone Columns:**

- West Perimeter: (3) Columns
- Northeast Perimeter: (10) Columns
- South Perimeter (along Briargate): (11) Columns
- Along Lexington: (8) Columns

Comp #: 1005 Stucco Wall - Replace



*Observations:*

- Similar to iron fence, it was reported that this wall is the responsibility of the master association.
- Therefore, separate Reserve funding is not required for this component.
- This line item is provided for future reference to Board members, community managers, and Reserve professionals.

*Location:* **Along Briargate and Lexington**

*Quantity:* **Approx. 12,850 GSF**

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

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

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

*Source of Information:*

*General Notes:*

**Briargate: 800 LF (8,000 GSF stucco)**  
**Lexington:**  
 - **Briargate to Carriage Creek: 320 LF (3,200 GSF)**  
 - **Carriage Creek to Opening: 90 LF (900 GSF)**  
 - **Opening to Iron Fence: 75 LF (750 GSF)**

Comp #: 1011 Retaining Walls - Replace



*Observations:*

- As long as block wall was installed conforming to county code requirements, this wall should have an extended useful life.
- This type of material has an indefinite life expectancy and complete replacement is unlikely.
- Therefore, Reserve funding is not required for this component.

*Location:* **Northeast Corner, Mailboxes**

*Quantity:* **Approx. 2,435 GSF**

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

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

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

*Source of Information:*

*General Notes:*

**Northeast Corner of Property: Approx. 1,560 GSF  
By Mailboxes: Approx. 875 GSF**



Comp #: 1602 Solar Wall Lights - Replace



*Observations:*

- It is assumed these were added for safety reasons for the steps leading to and from the mailboxes.
- Due to the low replacement cost associated with these lights, we recommend replacing on an as needed basis with general operating funds.

*Location:* **Retaining Wall Behind Mailboxes**

*Quantity:* **(8) Solar Lights**

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

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

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

*Source of Information:*

*General Notes:*



Comp #: 1604 Pole Lights - Replace



*Observations:*

- Paint these pole lights regularly to prevent rust damage and ensure full life.
- Expect to replace these lights approximately every 17 - 20 years to maintain appearance and function.
- Remaining life is based on age and observed conditions.

*Location:* **Center Greenbelt of the Community**

*Quantity:* **(7) Pole lights**

*Life Expectancy:* **20** *Remaining Life:* **8**

*Best Cost:* **\$2,975**

\$425/fixture; Estimate to replace heads

*Worst Cost:* **\$3,325**

\$475/fixture; Higher estimate

*Source of Information:* Cost Database

*General Notes:*

**Behind 2655/2645: (2) Lights**  
**Center of Community: (5) Lights**

Comp #: 1609 Street Lights - Replace



*Observations:*

- The average replacement cycle for this type of light ranges between 25 - 30 years. Remaining life is based on the average age and observed condition.
- Depending on the level of deterioration, periodically, the heads of the fixtures could be replaced instead of the entire pole and fixture.

*Location:* **Adjacent to Streets**

*Quantity:* **(5) 20' lights**

*Life Expectancy:* **28** *Remaining Life:* **16**

*Best Cost:* **\$15,750**

\$3,150/light; Estimate to replace

*Worst Cost:* **\$17,500**

\$3,500Higher estimate for better quality

*Source of Information:* Cost Database

*General Notes:*

**Adjacent to 2605: (1)**  
**At Mailboxes: (1)**  
**Corner of Pine Knoll & Carriage Creek: (1)**  
**Across from 9564: (1)**  
**Adjacent to 9619: (1)**

Comp #: 1701 Irrigation System - Major Repairs



*Observations:*

- This line item is for repairs and replacement that lies outside the scope of routine maintenance: bulk sprinkler head replacement, bulk valve replacement, rerouting lateral lines, rewiring, etc.
- In order to ensure the funds are available for major repairs, we recommend reserving funds for these projects every 6 - 8 years.
- The funding on this line item is for major repairs and is not to be interpreted as complete irrigation system replacement.

*Location:* **Common Areas**

*Quantity:* **Approx. 80 stations**

*Life Expectancy:* **8** *Remaining Life:* **2**

*Best Cost:* **\$15,500**

Estimate for major repairs

*Worst Cost:* **\$19,000**

Higehr estimate for more repairs

*Source of Information:* Research with contractor

*General Notes:*



Comp #: 1703 Irrigation Controllers - Replace



*Observations:*

- These clocks are an ET system that provides higher water efficiency to the system.
- Like other controllers, under normal conditions (not including Acts of God, vandalism, etc.) these clocks should last 10 - 12 years with proper maintenance.
- The remaining life is based on the approximately age of the controller.

*Location:* **Behind Monument**

*Quantity:* **(2) Hydropoint Controllers**

*Life Expectancy:* **12** *Remaining Life:* **10**

*Best Cost:* **\$11,500**

\$5,750/clock; Estimate to replace

*Worst Cost:* **\$12,500**

\$6,250/Clock; Higher estimate for larger clock

*Source of Information:* Research with contractor

*General Notes:*

**(2) Hydropoint Data System Controllers**  
**- No Access**



Comp #: 1706 Backflow Devices - Replace



*Observations:*

- Devices can be rebuilt and repaired when needed as a maintenance issue.
- It is very seldom that a complete system would need to be replaced due to normal wear and tear.
- Replacement would be as a result of freezing conditions if system is not winterized properly or in a timely manner.
- No Reserve funding is required due to difficulty of predicting a life expectancy and the fact that systems can be rebuilt at a minimal cost, as opposed to being replaced.

*Location:* **Behind Monument**

*Quantity:* **(1) Febco, 825Y**

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

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

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

*Source of Information:*

*General Notes:*

Comp #: 1801 Groundcover - Replenish



**Observations:**

- This line item, similar to irrigation repairs, is for projects that lie outside the scope of routine maintenance.
- In order to preserve an attractive curb appeal and to maintain the health of the plants and shrubs, we recommend reserving for refurbishment projects every 2 - 3 years.
- This line item is for cyclical refurbishment and should not be considered as complete landscaping replacement.

**Location:** **Throughout Property**

**Quantity:** **Extensive Area**

**Life Expectancy:** **3** **Remaining Life:** **0**

**Best Cost:** **\$10,000**

Allowance for major replenishment

**Worst Cost:** **\$12,000**

Higher allowance for more material

**Source of Information:** Client provided cost information

**General Notes:**



Comp #: 1804 Tree - Replacement



*Observations:*

- It is very difficult to predict a replacement cycle for trees as there are several factors such as disease, infestation of insects, heavy snow storms, etc. can all attribute to eventual tree replacement.
- Since it is difficult to predict when the replacement will be necessary, Reserve funding is typically not a factor.
- Therefore, unless requested by the association, Reserve funding will not be included as part of the study for this component.

*Location:* **Throughout Property**

*Quantity:* **Numerous Types/Sizes**

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

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

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

*Source of Information:*

*General Notes:*

Comp #: 2003 Underground Drainage



*Observations:*

- It is difficult to predict a life expectancy for this component. We suggest inspecting the drain lines at least once every 3 years to ensure there are no blockages, or potential blockages.
- If there are potential problems, then clean out the lines on an as needed basis with general operating funds.
- In the future, if frequent major repairs and/or maintenance is required, then Reserve funding can be added in future Reserve Study updates as an item based on historical information.

*Location:* **Center of community**

*Quantity:* **Extensive system**

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

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

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

*Source of Information:*

*General Notes:*



## *Funding Summary For Carriages Neighborhood at Pine Crk.*

### **Beginning Assumptions**

Financial Information Source	Research With Client
# of units	38
Fiscal Year End	December 31, 2020
Monthly Dues from 2020 budget	\$5,396.00
Monthly Reserve Allocation from 2020 Budget	\$1,380.00
Projected Starting Reserve Balance (as of 1/1/2020)	\$92,492
<b>Reserve Balance: Average Per Unit</b>	<b>\$2,434</b>
Ideal Starting Reserve Balance (as of 1/1/2020)	\$157,303
Ideal Reserve Balance: Average Per Unit	\$4,140

### **Economic Factors**

Past 20 year Average Inflation Rate (Based on CCI)	4.15%
Current Average Interest Rate	1.00%

### **Current Reserve Status**

Current Balance as a % of Ideal Balance	59%
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### **Recommendations for 2020 Fiscal Year**

Monthly Reserve Allocation (2020)	\$1,380
Per Unit	\$36.32
Monthly Reserve Allocation (starting 2021)	\$2,925
Per Unit	\$76.97
Minimum Monthly Reserve Allocation (starting 2021)	\$2,720
Per Unit	\$71.58
Primary Annual Increases	3.50%
# of Years	20
Primary Annual Increases	4.00%
# of Years	10
Special Assessment	\$0
Per Unit	\$0

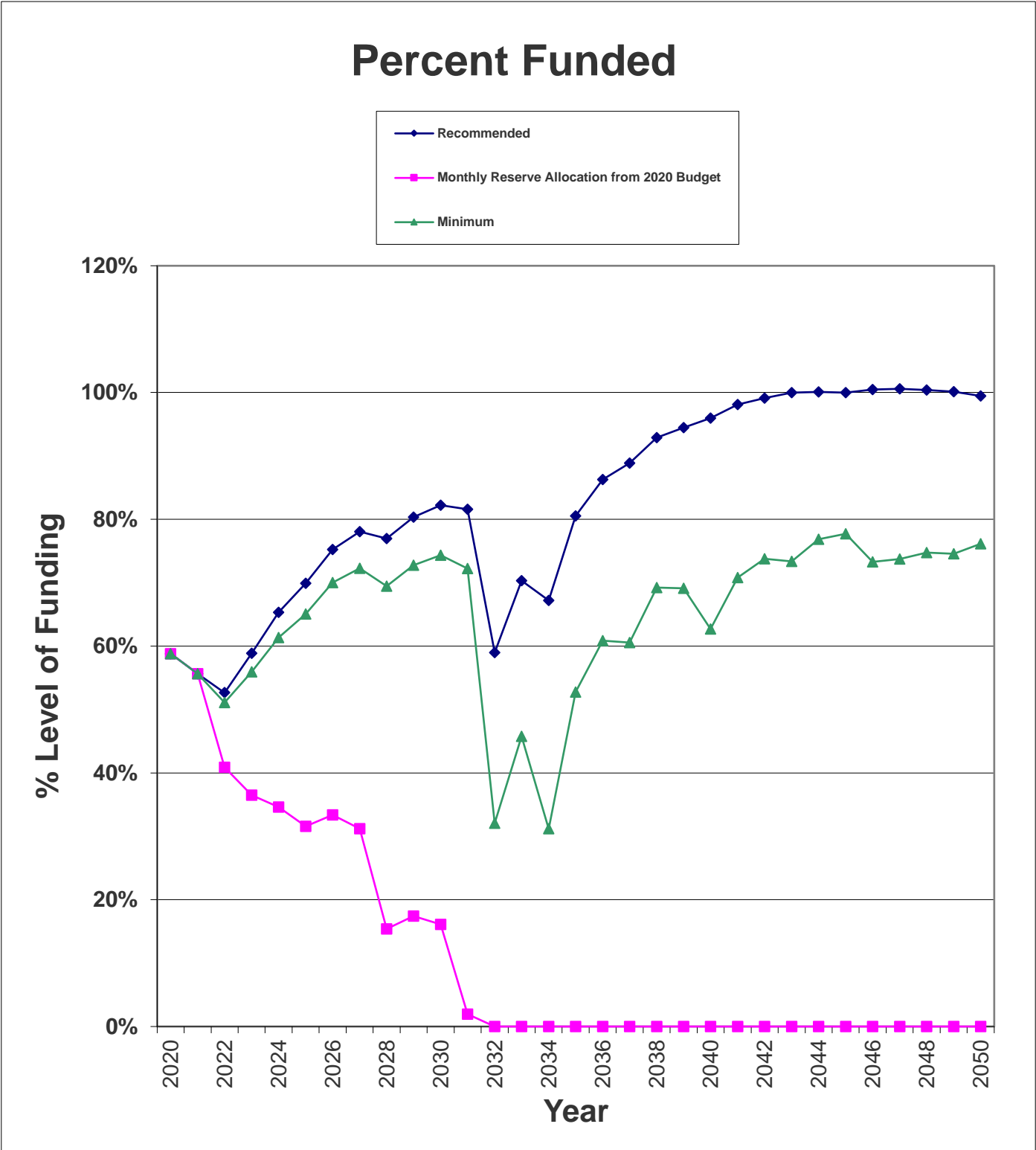
### **Changes To Current 2020 Reserve Contribution**

Increase/Decrease to Reserve Allocation	\$0
as Percentage	0%
Average Per Unit	\$0.00

### **Changes from 2020 to 2021 Reserve Contribution**

Increase/Decrease to Reserve Allocation	\$1,545
as Percentage	112%
Average Per Unit	\$40.66

Percent Funded Graph For Carriages Neighborhood at Pine Crk.



*Component Inventory for Carriages Neighborhood at Pine Crk.*

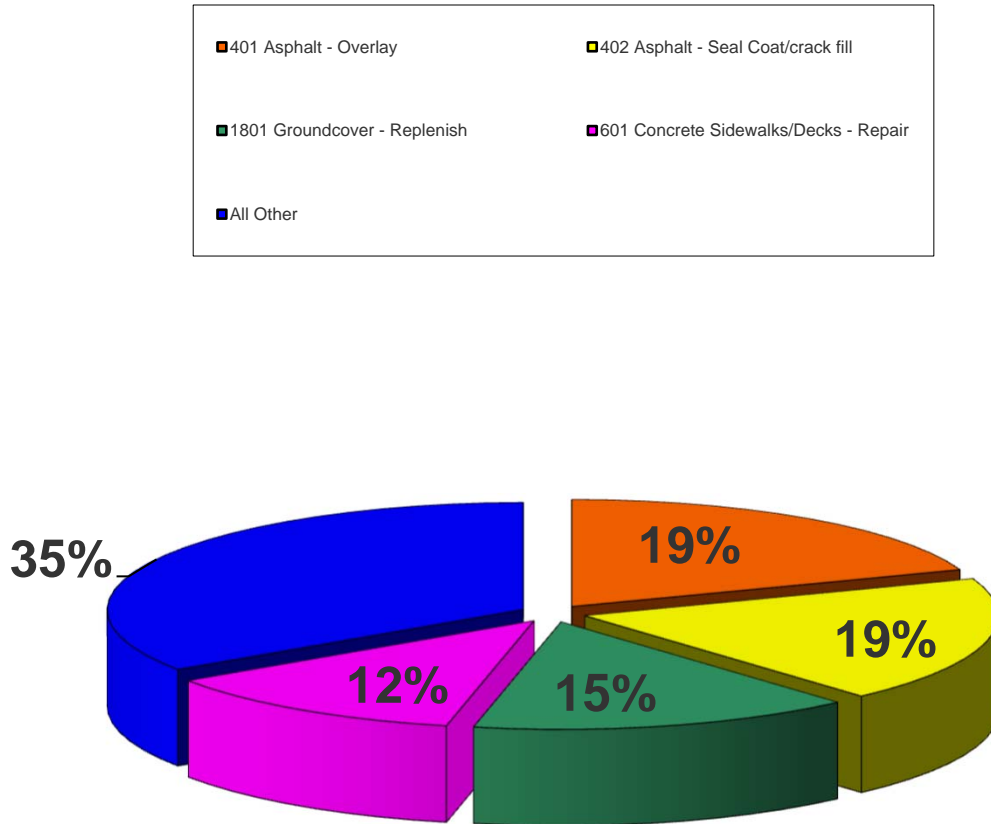
<b>Category</b>	<b>Asset #</b>	<b>Asset Name</b>	<b>UL</b>	<b>RUL</b>	<b>Best Cost</b>	<b>Worst Cost</b>
Drive Materials	401	Asphalt - Overlay	24	11	\$109,000	\$120,000
	402	Asphalt - Seal Coat/crack fill	3	1	\$13,150	\$15,000
	405	Stamped Concrete - Repair/Replace	24	11	\$36,900	\$41,825
	407	Curbs/Gutters/Drain Pans - Repair	6	1	\$16,200	\$18,900
Walking Surfaces	601	Concrete Sidewalks/Decks - Repair	6	1	\$16,500	\$19,500
Prop. Identification	803	Mailboxes/Structure - Replace	N/A		\$0	\$0
Fencing/Walls	1002	Perimeter Fence - Replace	N/A		\$0	\$0
	1005	Stucco Wall - Replace	N/A		\$0	\$0
	1011	Retaining Walls - Replace	N/A		\$0	\$0
Light Fixtures	1602	Solar Wall Lights - Replace	N/A		\$0	\$0
	1604	Pole Lights - Replace	20	8	\$2,975	\$3,325
	1609	Street Lights - Replace	28	16	\$15,750	\$17,500
Irrig. System	1701	Irrigation System - Major Repairs	8	2	\$15,500	\$19,000
	1703	Irrigation Controllers - Replace	12	10	\$11,500	\$12,500
	1706	Backflow Devices - Replace	N/A		\$0	\$0
Landscaping	1801	Groundcover - Replenish	3	0	\$10,000	\$12,000
	1804	Tree - Replacement	N/A		\$0	\$0
Miscellaneous	2003	Underground Drainage	N/A		\$0	\$0



*Significant Components For Carriages Neighborhood at Pine Crk.*

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
401	Asphalt - Overlay	24	11	\$114,500	\$4,771	19.3922%
402	Asphalt - Seal Coat/crack fill	3	1	\$14,075	\$4,692	19.0704%
405	Stamped Concrete - Repair/Replace	24	11	\$39,363	\$1,640	6.6666%
407	Curbs/Gutters/Drain Pans - Repair	6	1	\$17,550	\$2,925	11.8894%
601	Concrete Sidewalks/Decks - Repair	6	1	\$18,000	\$3,000	12.1942%
1604	Pole Lights - Replace	20	8	\$3,150	\$158	0.6402%
1609	Street Lights - Replace	28	16	\$16,625	\$594	2.4134%
1701	Irrigation System - Major Repairs	8	2	\$17,250	\$2,156	8.7646%
1703	Irrigation Controllers - Replace	12	10	\$12,000	\$1,000	4.0647%
1801	Groundcover - Replenish	3	0	\$11,000	\$3,667	14.9041%

## Significant Components Graph For Carriages Neighborhood at Pine Crk.



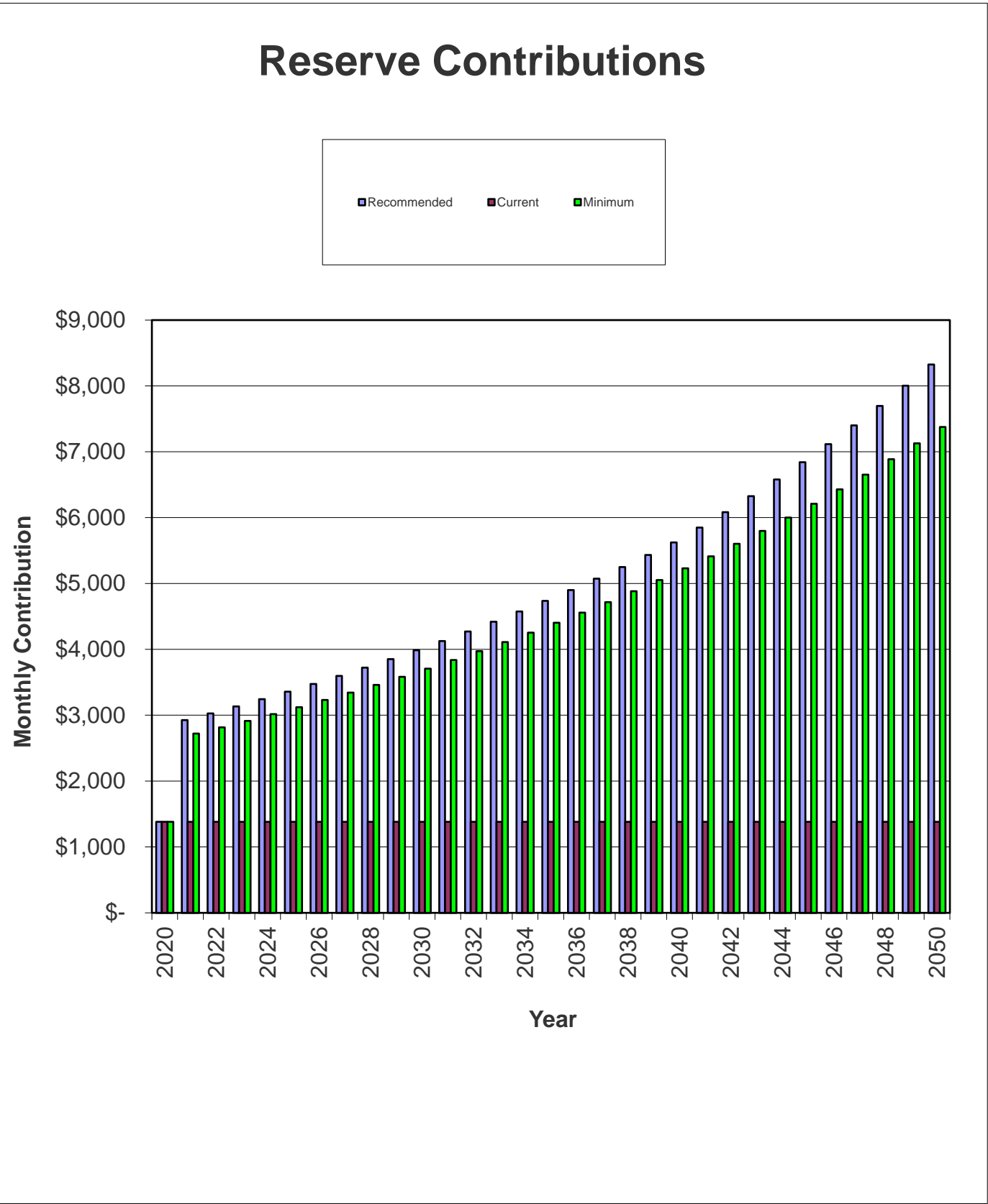
Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
401	Asphalt - Overlay	24	11	\$114,500	\$4,771	19%
402	Asphalt - Seal Coat/crack fill	3	1	\$14,075	\$4,692	19%
1801	Groundcover - Replenish	3	0	\$11,000	\$3,667	15%
601	Concrete Sidewalks/Decks - Repair	6	1	\$18,000	\$3,000	12%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$8,473	34%

*Yearly Summary For Carriages Neighborhood at Pine Crk.*

<b>Fiscal Year Start</b>	<b>Fully Funded Balance</b>	<b>Starting Reserve Balance</b>	<b>Percent Funded</b>	<b>Annual Reserve Contribs</b>	<b>Rec. Special Ass'mnt</b>	<b>Interest Income</b>	<b>Reserve Expenses</b>
2020	\$157,303	\$92,492	59%	\$16,560	\$0	\$957	\$11,000
2021	\$177,997	\$99,010	56%	\$35,100	\$0	\$911	\$51,684
2022	\$158,241	\$83,336	53%	\$36,329	\$0	\$926	\$18,711
2023	\$173,114	\$101,879	59%	\$37,600	\$0	\$1,150	\$12,427
2024	\$196,302	\$128,202	65%	\$38,916	\$0	\$1,400	\$16,561
2025	\$217,348	\$151,957	70%	\$40,278	\$0	\$1,729	\$0
2026	\$257,768	\$193,964	75%	\$41,688	\$0	\$2,087	\$14,039
2027	\$286,546	\$223,700	78%	\$43,147	\$0	\$2,133	\$65,965
2028	\$263,794	\$203,014	77%	\$44,657	\$0	\$2,242	\$4,361
2029	\$305,673	\$245,552	80%	\$46,220	\$0	\$2,619	\$15,861
2030	\$338,785	\$278,531	82%	\$47,838	\$0	\$2,712	\$65,063
2031	\$323,560	\$264,017	82%	\$49,512	\$0	\$1,692	\$240,649
2032	\$126,427	\$74,572	59%	\$51,245	\$0	\$917	\$17,919
2033	\$154,750	\$108,815	70%	\$53,039	\$0	\$937	\$84,192
2034	\$116,956	\$78,598	67%	\$54,895	\$0	\$1,065	\$0
2035	\$167,085	\$134,558	81%	\$56,816	\$0	\$1,535	\$20,243
2036	\$200,089	\$172,667	86%	\$58,805	\$0	\$1,734	\$58,842
2037	\$196,219	\$174,364	89%	\$60,863	\$0	\$2,057	\$0
2038	\$255,511	\$237,284	93%	\$62,993	\$0	\$2,405	\$58,733
2039	\$258,215	\$243,949	94%	\$65,198	\$0	\$2,238	\$107,455
2040	\$212,499	\$203,930	96%	\$67,480	\$0	\$2,388	\$0
2041	\$279,102	\$273,798	98%	\$70,179	\$0	\$2,973	\$25,837
2042	\$323,958	\$321,113	99%	\$72,986	\$0	\$3,272	\$63,786
2043	\$333,649	\$333,585	100%	\$75,906	\$0	\$3,732	\$0
2044	\$412,777	\$413,223	100%	\$78,942	\$0	\$4,401	\$29,189
2045	\$467,497	\$467,377	100%	\$82,099	\$0	\$4,419	\$137,146
2046	\$414,873	\$416,750	100%	\$85,383	\$0	\$4,366	\$49,651
2047	\$454,129	\$456,848	101%	\$88,799	\$0	\$4,870	\$32,976
2048	\$515,443	\$517,541	100%	\$92,351	\$0	\$5,393	\$53,780
2049	\$560,821	\$561,505	100%	\$96,045	\$0	\$6,123	\$0



Reserve Contributions For Carriages Neighborhood at Pine Crk.



*Component Funding Information For Carriages Neighborhood at Pine Crk.*

<b>ID</b>	<b>Component Name</b>	<b>Ave Current Cost</b>	<b>Ideal Balance</b>	<b>Current Fund Balance</b>	<b>Monthly</b>
401	Asphalt - Overlay	\$114,500	\$62,021	\$25,657	\$267.61
402	Asphalt - Seal Coat/crack fill	\$14,075	\$9,383	\$9,383	\$263.17
405	Stamped Concrete - Repair/Replace	\$39,363	\$21,321	\$0	\$92.00
407	Curbs/Gutters/Drain Pans - Repair	\$17,550	\$14,625	\$14,625	\$164.07
601	Concrete Sidewalks/Decks - Repair	\$18,000	\$15,000	\$15,000	\$168.28
1604	Pole Lights - Replace	\$3,150	\$1,890	\$1,890	\$8.83
1609	Street Lights - Replace	\$16,625	\$7,125	\$0	\$33.31
1701	Irrigation System - Major Repairs	\$17,250	\$12,938	\$12,938	\$120.95
1703	Irrigation Controllers - Replace	\$12,000	\$2,000	\$2,000	\$56.09
1801	Groundcover - Replenish	\$11,000	\$11,000	\$11,000	\$205.68

## Yearly Cash Flow For Carriages Neighborhood at Pine Crk.

Year	2020	2021	2022	2023	2024
<b>Starting Balance</b>	\$92,492	\$99,010	\$83,336	\$101,879	\$128,202
<i>Reserve Income</i>	\$16,560	\$35,100	\$36,329	\$37,600	\$38,916
<i>Interest Earnings</i>	\$957	\$911	\$926	\$1,150	\$1,400
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$110,010	\$135,021	\$120,591	\$140,629	\$168,518
<b>Reserve Expenditures</b>	\$11,000	\$51,684	\$18,711	\$12,427	\$16,561
<b>Ending Balance</b>	\$99,010	\$83,336	\$101,879	\$128,202	\$151,957

Year	2025	2026	2027	2028	2029
<b>Starting Balance</b>	\$151,957	\$193,964	\$223,700	\$203,014	\$245,552
<i>Reserve Income</i>	\$40,278	\$41,688	\$43,147	\$44,657	\$46,220
<i>Interest Earnings</i>	\$1,729	\$2,087	\$2,133	\$2,242	\$2,619
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$193,964	\$237,739	\$268,980	\$249,913	\$294,391
<b>Reserve Expenditures</b>	\$0	\$14,039	\$65,965	\$4,361	\$15,861
<b>Ending Balance</b>	\$193,964	\$223,700	\$203,014	\$245,552	\$278,531

Year	2030	2031	2032	2033	2034
<b>Starting Balance</b>	\$278,531	\$264,017	\$74,572	\$108,815	\$78,598
<i>Reserve Income</i>	\$47,838	\$49,512	\$51,245	\$53,039	\$54,895
<i>Interest Earnings</i>	\$2,712	\$1,692	\$917	\$937	\$1,065
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$329,080	\$315,222	\$126,734	\$162,790	\$134,558
<b>Reserve Expenditures</b>	\$65,063	\$240,649	\$17,919	\$84,192	\$0
<b>Ending Balance</b>	\$264,017	\$74,572	\$108,815	\$78,598	\$134,558

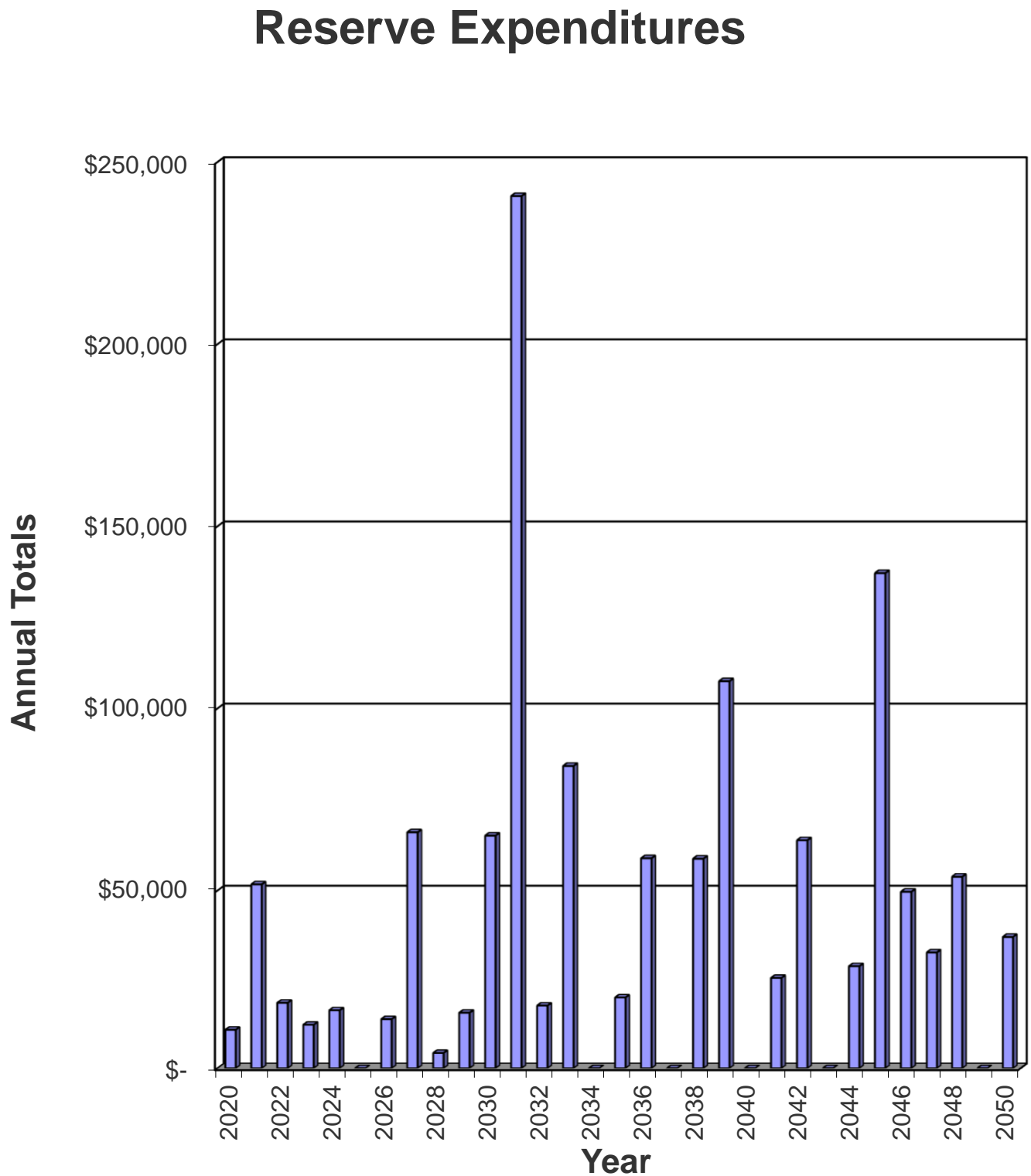
Year	2035	2036	2037	2038	2039
<b>Starting Balance</b>	\$134,558	\$172,667	\$174,364	\$237,284	\$243,949
<i>Reserve Income</i>	\$56,816	\$58,805	\$60,863	\$62,993	\$65,198
<i>Interest Earnings</i>	\$1,535	\$1,734	\$2,057	\$2,405	\$2,238
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$192,910	\$233,206	\$237,284	\$302,682	\$311,385
<b>Reserve Expenditures</b>	\$20,243	\$58,842	\$0	\$58,733	\$107,455
<b>Ending Balance</b>	\$172,667	\$174,364	\$237,284	\$243,949	\$203,930

Year	2040	2041	2042	2043	2044
<b>Starting Balance</b>	\$203,930	\$273,798	\$321,113	\$333,585	\$413,223
<i>Reserve Income</i>	\$67,480	\$70,179	\$72,986	\$75,906	\$78,942
<i>Interest Earnings</i>	\$2,388	\$2,973	\$3,272	\$3,732	\$4,401
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$273,798	\$346,950	\$397,372	\$413,223	\$496,566
<b>Reserve Expenditures</b>	\$0	\$25,837	\$63,786	\$0	\$29,189
<b>Ending Balance</b>	\$273,798	\$321,113	\$333,585	\$413,223	\$467,377

Year	2045	2046	2047	2048	2049
<b>Starting Balance</b>	\$467,377	\$416,750	\$456,848	\$517,541	\$561,505
<i>Reserve Income</i>	\$82,099	\$85,383	\$88,799	\$92,351	\$96,045
<i>Interest Earnings</i>	\$4,419	\$4,366	\$4,870	\$5,393	\$6,123
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$553,896	\$506,499	\$550,517	\$615,285	\$663,673
<b>Reserve Expenditures</b>	\$137,146	\$49,651	\$32,976	\$53,780	\$0
<b>Ending Balance</b>	\$416,750	\$456,848	\$517,541	\$561,505	\$663,673



*Yearly Expenditures Graph For Carriages Neighborhood at Pine Crk.*



*Projected Reserve Expenditures For Carriages Neighborhood at Pine Crk.*

<b>Year</b>	<b>Asset ID</b>	<b>Asset Name</b>	<b>Projected Cost</b>	<b>Total Per Annum</b>
2020	1801	Groundcover - Replenish	\$11,000	\$11,000
2021	402	Asphalt - Seal Coat/crack fill	\$14,659	
	407	Curbs/Gutters/Drain Pans - Repair	\$18,278	
	601	Concrete Sidewalks/Decks - Repair	\$18,747	\$51,684
2022	1701	Irrigation System - Major Repairs	\$18,711	\$18,711
2023	1801	Groundcover - Replenish	\$12,427	\$12,427
2024	402	Asphalt - Seal Coat/crack fill	\$16,561	\$16,561
2025		No Expenditures Projected		\$0
2026	1801	Groundcover - Replenish	\$14,039	\$14,039
2027	402	Asphalt - Seal Coat/crack fill	\$18,710	
	407	Curbs/Gutters/Drain Pans - Repair	\$23,329	
	601	Concrete Sidewalks/Decks - Repair	\$23,927	\$65,965
2028	1604	Pole Lights - Replace	\$4,361	\$4,361
2029	1801	Groundcover - Replenish	\$15,861	\$15,861
2030	402	Asphalt - Seal Coat/crack fill	\$21,137	
	1701	Irrigation System - Major Repairs	\$25,905	
	1703	Irrigation Controllers - Replace	\$18,021	\$65,063
2031	401	Asphalt - Overlay	\$179,084	
	405	Stamped Concrete - Repair/Replace	\$61,565	\$240,649
2032	1801	Groundcover - Replenish	\$17,919	\$17,919
2033	402	Asphalt - Seal Coat/crack fill	\$23,879	
	407	Curbs/Gutters/Drain Pans - Repair	\$29,775	
	601	Concrete Sidewalks/Decks - Repair	\$30,538	\$84,192
2034		No Expenditures Projected		\$0
2035	1801	Groundcover - Replenish	\$20,243	\$20,243
2036	402	Asphalt - Seal Coat/crack fill	\$26,977	
	1609	Street Lights - Replace	\$31,865	\$58,842
2037		No Expenditures Projected		\$0
2038	1701	Irrigation System - Major Repairs	\$35,864	
	1801	Groundcover - Replenish	\$22,870	\$58,733
2039	402	Asphalt - Seal Coat/crack fill	\$30,477	
	407	Curbs/Gutters/Drain Pans - Repair	\$38,002	
	601	Concrete Sidewalks/Decks - Repair	\$38,976	\$107,455
2040		No Expenditures Projected		\$0
2041	1801	Groundcover - Replenish	\$25,837	\$25,837
2042	402	Asphalt - Seal Coat/crack fill	\$34,431	
	1703	Irrigation Controllers - Replace	\$29,355	\$63,786
2043		No Expenditures Projected		\$0
2044	1801	Groundcover - Replenish	\$29,189	\$29,189
2045	402	Asphalt - Seal Coat/crack fill	\$38,898	
	407	Curbs/Gutters/Drain Pans - Repair	\$48,502	
	601	Concrete Sidewalks/Decks - Repair	\$49,746	\$137,146
2046	1701	Irrigation System - Major Repairs	\$49,651	\$49,651
2047	1801	Groundcover - Replenish	\$32,976	\$32,976
2048	402	Asphalt - Seal Coat/crack fill	\$43,945	
	1604	Pole Lights - Replace	\$9,835	\$53,780
2049		No Expenditures Projected		\$0
2050	1801	Groundcover - Replenish	\$37,254	\$37,254

## **Glossary of Commonly used Words and Phrases** (provided by the National Reserve Study Standards of the Community Associations Institute)

**Asset or Component** – Individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association Responsibility, 2) with limited Useful Life expectancies, 3) have predictable Remaining Life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

**Cash Flow Method** – A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

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

**Deficit** – An actual (or projected) Reserve Balance, which is less than the Fully Funded Balance.

**Effective Age** – The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

**Financial Analysis** – The portion of the Reserve Study where current status of the Reserves (Measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of the Reserve Study.

**Component Full Funding** – When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

**Fully Fund Balance (aka – Ideal Balance)** – An indicator against which Actual (or projected) Reserve Balance can be compared. The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, and then summed together for an association total.

$$\text{FFB} = \text{Replacement Cost} \times \text{Effective Age} / \text{Useful Life}$$

**Fund Status** – The status of the Reserve Fund as compared to an established benchmark, such as percent funding.

**Funding Goals** – Independent of methodology utilized, the following represent the basic categories of Funding Plan Goals.

- **Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve Balance above zero.
- **Component Full Funding:** Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100% funded.
- **Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than the “Component Fully Funding” method.



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

**Funding Principles –**

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

**Life and Valuation Estimates** – The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

**Percent Funded** – The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual* (or *projected*) Reserve Balance to the accrued *Fund Balance*, expressed as a percentage.

**Physical Analysis** – The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

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

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

**Reserve Balance** – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components in which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. This is based upon information provided and is not audited.

**Reserve Provider** – An individual that prepares Reserve Studies. Also known as **Aspen Reserve Specialties**.

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

**Special Assessment** – An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

**Surplus** – An actual (or projected) Reserve Balance that is greater than the Fully Funded Balance.

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