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## **Level I – FULL Reserve Study Report**

For Fiscal Year Beginning January 1, 2023



### **Sample HOA**

**Your Town, WA**  
**January 4, 2023**





## Reserve Study Summary for Sample HOA

50 Units

For Fiscal Year Beginning January 1, 2023

Overview	
Starting Reserve Balance	\$115,000
Fully Funded Balance	\$144,453
Percent Funded	80%
Reserve Fund Strength (Weak, Fair or Strong)	Strong
Total Surplus or (Deficit) of Reserve Funding	\$(29,453)
Surplus or (Deficit) on a Per Unit Average Basis***	\$(589)
Current Reserve Contribution Based on Last Approved Budget	
Current Reserve Contribution Rate, Annually	\$16,800
Current Special Assessment, Annually	n/a
Is the Current Contribution Rate Within Range Provided by Study Below?	No
Reserve Study Funding Plan Options Beginning January 1, 2023	
100% Full Funding Contribution Rate, Annually	\$21,500
70% Threshold Funding Contribution Rate, Annually	\$19,700
Baseline Funding Contribution Rate, Annually	\$18,050
Recommended Annual Special Assessment	n/a

### Study Description & Assumptions

This is a Level I Full reserve study. As part of this report, a site visit was performed on June 6, 2022. This report assumes a 3% annual inflation rate and 1% interest rate. Taxes on interest income and other outside factors are not included.

### Property Description

Sample HOA consists of 50 single family homes located in Your Town, WA. It was constructed in approximately 2008.

### Recommended Funding Plan

We recommend that the association budget for annual reserve contributions of \$19,700 to \$21,500 per year in 2023.

### Recommended Special Assessment(s)

No special assessments are recommended at this time.

### Other Notes

None.

\*\*\*Current surplus or deficit is calculated on an average per unit. If the association calculates its assessments based on a fraction or percentage that varies by unit, it should calculate the current deficit or surplus based on that schedule. To do so, subtract the association's starting reserve balance above from the fully funded balance, and multiply the resulting number by the fraction or percentage allocable to each unit.

**Sample HOA  
Component List**

Asset ID	Description	Useful Life	Adjustment*	Remaining Life	Current Cost
<b>Grounds</b>					
1000	Concrete - Repair	5	4		\$3,200
1005	Asphalt - Repair & Sealcoat	5	0		\$22,000
1015	Asphalt - Overlay	40	25		\$220,000
1035	Asphalt Path - Repair & Seal	5	0		\$6,750
1040	Asphalt Path - Overlay	40	2	35	\$67,500
1065	Mailboxes - Replace	25		10	\$12,000
1070	Wood Fence - Replace	20	-1	4	\$10,575
1075	Wood Fence - Repair & Stain	5		4	\$2,820
1135	Landscape - Refurbish	3		0	\$2,500
1145	Trees - Trim/Remove	3		0	\$1,500
1155	Irrigation System - Repair	5		1	\$1,500
1160	Drainage System - Maintain		Unfunded		
1175	Pole Lights - Replace		Unfunded		
<b>Professional</b>					
6005	Reserve Study - Annual Update		Unfunded		

# Sample

# An Introduction to Your Reserve Study

## The Purpose of Your Reserve Study

The purpose of your reserve study is to develop a budgetary model to assist the association with preparing for the maintenance, repair and replacement of the assets which are under the association's responsibility. The report provides both estimated timeframes in which these projects are expected to occur as well as a cost allowance for the project. A reserve study consists of two parts; the physical analysis and the financial analysis. The physical analysis includes the component inventory and associated information including useful life, remaining useful life and cost allowances. The financial analysis includes the association's current reserve fund status (the percent funded) and funding recommendations.

## Reserve Study Standards

This report is prepared in accordance with the National Reserve Study Standards (NRSS) by Community Associations Institute (CAI). First published in 1998, the NRSS provides guidelines related to the preparation of reserve studies including what information is included and how calculations are prepared. The full NRSS can be viewed at [National Reserve Study Standards](#) and an explanation of the NRSS is available at [NRSS Explanation](#).

## Types of Reserve Studies

There are four types of reserve studies under National Reserve Study Standards:

- **Level I Full** – This is the initial report prepared by the association. This report includes a site visit, in which a non-intrusive basic visual review is conducted and association assets are counted, measured and/or quantified. A useful life, remaining useful life and cost allowances are assigned to the association's assets and a funding plan is developed accordingly. A Full study is typically only prepared once as the quantities and other data can be used in all other reports going forward.
- **Level II With-Site-Visit** – This report includes a site visit in which a non-intrusive basic visual review is conducted. No assets are quantified as this process was previously completed during the Full study process. The remaining useful life and cost allowances are updated for the association's assets and the funding plan is updated accordingly. After the initial full study, most associations perform a with-site-visit report every third year; this cycle is required for Washington State associations with significant assets.
- **Level III No-Site-Visit** – This report does not include a site visit. The remaining useful life and cost allowances are updated for the association's assets and the funding plan is updated. The No-Site-Visit update is primarily based on the current reserve account balance, projects completed since the last report, current industry costs, and any proposals the association may have received for upcoming projects.
- **Level IV Preliminary, Community Not Yet Constructed** – This report is prepared for communities that are in the development phase and have not yet been constructed. The component list is typically developed using building and site plans along with details provided by the developer. A useful life, remaining useful life and cost allowances are assigned to the association's assets and a funding plan is developed accordingly.

## What Components are Included

National Reserve Study Standards provide for a four-part test to determine which items are funded within a reserve study. First, the component needs to be an item that the association is responsible to maintain, repair and replace. The second and third parts of the test go hand in hand; the item must have a predictable useful life (i.e. we need to be able to determine how long, on average, the item will last), and it must have a predictable remaining useful life (i.e. we need to be able to determine how much longer until that item requires replacement). Lastly, the cost to maintain, repair and replace the component must be above a minimum cost which is typically defined as 1% or more of the annual operating budget, however some associations may opt to define a different funding threshold. Using 1% of the annual operating budget, an association with a \$100,000 annual budget would have a \$1,000 reserve funding threshold.

One consideration that is not included within the NRSS four-part test are significant expenses which occur annually. Some associations opt to include annual expenses that exceed the 1% funding threshold in their study, however it is our opinion that these expenses are best handled through the operating budget. From an administrative and practical standpoint it is most advantageous to budget and pay for those expenses through the operating account, particularly in states such as Washington State which feature statutory limitations regarding reserve fund disbursements.

The intent of funding for reserve components is to maintain, repair or replace those exact components in the future. Capital improvements are not included within a reserve study and reserve funds should not be used accordingly. A capital improvement is the addition of an item that does not previously exist, such as an association installing a swimming pool when one was not previously present. Repurposing of an existing item into something new is also considered a capital improvement; an example would be converting a janitorial closet in the clubhouse into an additional restroom. Replacing an existing item with an upgraded but like-kind product is not considered a capital improvement and reserve funds may be used in this instance; an example would be replacement of a wood deck with a composite (Trex®) material.

### **How Are Costs Determined**

The cost allowances within a reserve study are determined in a number of ways. First, the association's prior cost history or recent vendor proposals are generally the best predictor of future costs as they are specific to your community. When a cost history is unavailable, a number of methods to determine costs may be used by the reserve study provider including, but not limited to research with vendors (including the association's vendors) and/or industry average costs. When industry average costs are used, they are adjusted based on the geographical location and current economical market of each client.

### **Fully Funded Balance Calculation**

One of the most common questions related to a reserve study is how the fully funded balance is calculated. Contrary to popular belief, the fully funded balance is *not* the cost to replace all the association's assets today. Rather, it is the total accumulated deterioration of the association's assets. Let's take the example of a roof. If the roof lasts 30 years and costs \$30,000 to replace, the association would save \$1,000 per year so that it would have the \$30,000 it needs to replace the roof by the 30th year. If the roof is two years old, the association would need \$2,000 on hand to be 100% funded, meaning that it had the exact amount of cash on hand that the roof had deteriorated to date. If the association only saved \$1,000 by the second year, it would then be 50% funded instead. The reserve study calculates the deterioration of each of the association's assets through the date of the study, taking into consideration their age and replacement cost allowances, and the cumulative total of those numbers is the association's fully funded balance.

### **Reserve Fund Strength, Also Known As Percent Funded**

The association's percent funded is calculated by comparing the association's current reserve balance against the fully funded balance, which we defined above. Generally speaking, an association that is less than 30% funded is considered to have a weak reserve account balance and thus a high risk of requiring a special assessment. Associations which are between 30% and 69% funded are considered to have a moderate funding position and therefore a medium risk of a special assessment. Association's which are 70% or more funded have a strong funding position and a low risk of requiring a special assessment. One of the many goals of your reserve study is to help the association achieve, and keep, a strong funding position with a low risk of a special assessment.

### **How to Pay for Reserve Projects**

The question of reserve expenses is not if they will occur, but when they will occur. The best and most cost-effective way to ensure that funds are available for these expenses is to save for future projects through regular contributions to the reserve fund. This not only ensures that funds are available as projects arise, thus reducing the chances of deferred maintenance, but it is also the most equitable to ownership groups over time. If a person owns a unit for one year, they

contribute toward one year of reserves. The same goes for a person who owns their unit for five years, or for 30 years. If the association does not fund the reserve account through regular contributions and instead assesses a special assessment or takes out a loan for the project, the current ownership group is unfairly burdened with paying the full project cost even though previous owners enjoyed the use of those assets.

Properly reserving for anticipated maintenance, repair and replacement projects also results in lower overall costs to the association. Inadequate reserve funds often result in deferred maintenance, which can cause higher project costs and risk potential damage to association assets. For example, deferring an exterior paint project may result in increased future costs due to the additional prep work required to address peeling paint, repairs to exposed wood which has started to decay, etc. There are also administrative expenses associated with levying a special assessment and interest expenses associated with taking out a loan, both of which are avoided when adequate reserve funds are available.

### **Report Sections**

This report was designed to provide clear, distinct chapters for the different funding plan options so the association can easily compare and select a funding plan to follow. Your report includes separate sections detailing the Full Funding plan, 70% Funding plan, Baseline Funding plan, as well as data illustrating the reserve funding projections based on the association's current contribution rate. The different funding options are also summarized in the Report Summary at the beginning of this study. In rare instances, associations with unique funding scenarios may not have a 70% Funding option available; in those cases the 70% Funding chapter has been omitted.

# Sample



## **Annual Expenditure Charts**

# Sample

The data within this section represents the association's projected expenses over the 30 year scope of this report. These expenses are projected to occur independent of which funding plan the association chooses to follow (Full, 70% or Baseline), and the charts are particularly helpful to the association in planning near term projects (i.e. within the next 1-5 years).

This section also includes a deterioration summary, which shows the total deterioration of the association's assets on an annual basis. It is important that the association consider this data when selecting an annual reserve contribution, as contributing significantly less than the annual deterioration rate means that the association's assets are deteriorating at a faster rate than the association is reserving.

**Sample HOA**  
 Your Town, WA  
**Year By Year Spread Sheet**

ID	Description	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Grounds</b>											
1000	Concrete - Repair					3,602					4,175
1005	Asphalt - Repair & Sealcoat	22,000				25,504					
1015	Asphalt - Overlay										
1035	Asphalt Path - Repair & Seal	6,750				7,825					
1040	Asphalt Path - Overlay										
1065	Mailboxes - Replace										
1070	Wood Fence - Replace				11,902						
1075	Wood Fence - Repair & Stain				3,174						3,679
1135	Landscape - Refurbish	2,500		2,732			2,985				3,262
1145	Trees - Trim/Remove	1,500		1,639			1,791				1,957
1155	Irrigation System - Repair		1,545				1,791				
1160	Drainage System - Maintain										
1175	Pole Lights - Replace										
<b>Grounds Total:</b>		32,750	1,545	4,371	18,678	33,329	6,567				13,074
<b>Professional</b>											
6005	Reserve Study - Annual Update		Unfunded								
<b>Year Total:</b>		32,750	1,545	4,371	18,678	33,329	6,567				13,074

**Sample HOA**  
 Your Town, WA  
**Year By Year Spread Sheet**

ID	Description	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
	<b>Grounds</b>										
1000	Concrete - Repair					4,840					5,611
1005	Asphalt - Repair & Sealcoat	29,566					34,275				
1015	Asphalt - Overlay										
1035	Asphalt Path - Repair & Seal	9,071					10,516				
1040	Asphalt Path - Overlay										
1065	Mailboxes - Replace	16,127									
1070	Wood Fence - Replace										
1075	Wood Fence - Repair & Stain					4,266					4,945
1135	Landscape - Refurbish			3,564			3,895			4,256	
1145	Trees - Trim/Remove			2,139			2,337			2,554	
1155	Irrigation System - Repair		2,076					2,407			
1160	Drainage System - Maintain										
1175	Pole Lights - Replace										
<b>Grounds Total:</b>		54,765	2,076	5,703		9,106	51,023	2,407		6,810	10,556
<b>Professional</b>											
6005	Reserve Study - Annual Update		Unfunded								
<b>Year Total:</b>		54,765	2,076	5,703		9,106	51,023	2,407		6,810	10,556

**Sample HOA**  
 Your Town, WA  
**Year By Year Spread Sheet**

ID	Description	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
	<b>Grounds</b>										
1000	Concrete - Repair					6,505					7,541
1005	Asphalt - Repair & Sealcoat	39,734					46,063				
1015	Asphalt - Overlay						460,631				
1035	Asphalt Path - Repair & Seal	12,191					14,133				
1040	Asphalt Path - Overlay										
1065	Mailboxes - Replace										
1070	Wood Fence - Replace					21,497					
1075	Wood Fence - Repair & Stain					5,732					6,646
1135	Landscape - Refurbish		4,651			5,082					5,553
1145	Trees - Trim/Remove		2,790			3,049					3,332
1155	Irrigation System - Repair		2,790					3,235			
1160	Drainage System - Maintain										
1175	Pole Lights - Replace										
<b>Grounds Total:</b>		<i>Unfunded</i>	<i>Unfunded</i>	51,926	10,232	41,865	520,827	3,235	8,885	8,885	14,187
<b>Professional</b>											
6005	Reserve Study - Annual Update		<i>Unfunded</i>								
<b>Year Total:</b>		51,926	10,232			41,865	520,827	3,235	8,885	8,885	14,187

**Sample HOA**  
Your Town, WA  
**Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2023</b>	
Landscape - Refurbish	2,500
Trees - Trim/Remove	1,500
Asphalt - Repair & Sealcoat	22,000
Asphalt Path - Repair & Seal	6,750
<b>Total for 2023</b>	<b>\$32,750</b>
<b>Replacement Year 2024</b>	
Irrigation System - Repair	1,545
<b>Total for 2024</b>	<b>\$1,545</b>
<i>No Replacement in 2025</i>	
<b>Replacement Year 2026</b>	
Landscape - Refurbish	2,732
Trees - Trim/Remove	1,639
<b>Total for 2026</b>	<b>\$4,371</b>
<b>Replacement Year 2027</b>	
Concrete - Repair	3,602
Wood Fence - Repair & Stain	3,174
Wood Fence - Replace	11,902
<b>Total for 2027</b>	<b>\$18,678</b>
<b>Replacement Year 2028</b>	
Asphalt - Repair & Sealcoat	25,504
Asphalt Path - Repair & Seal	7,825
<b>Total for 2028</b>	<b>\$33,329</b>
<b>Replacement Year 2029</b>	
Landscape - Refurbish	2,985
Trees - Trim/Remove	1,791
Irrigation System - Repair	1,791
<b>Total for 2029</b>	<b>\$6,567</b>

**Sample HOA**  
Your Town, WA  
**Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2030</i>	
<i>No Replacement in 2031</i>	
<b>Replacement Year 2032</b>	
Landscape - Refurbish	3,262
Trees - Trim/Remove	1,957
Concrete - Repair	4,175
Wood Fence - Repair & Stain	3,679
<b>Total for 2032</b>	<b>\$13,074</b>
<b>Replacement Year 2033</b>	
Asphalt - Repair & Sealcoat	29,566
Asphalt Path - Repair & Seal	9,071
Mailboxes - Replace	16,127
<b>Total for 2033</b>	<b>\$54,765</b>
<b>Replacement Year 2034</b>	
Irrigation System - Repair	2,076
<b>Total for 2034</b>	<b>\$2,076</b>
<b>Replacement Year 2035</b>	
Landscape - Refurbish	3,564
Trees - Trim/Remove	2,139
<b>Total for 2035</b>	<b>\$5,703</b>
<i>No Replacement in 2036</i>	
<b>Replacement Year 2037</b>	
Concrete - Repair	4,840
Wood Fence - Repair & Stain	4,266
<b>Total for 2037</b>	<b>\$9,106</b>
<b>Replacement Year 2038</b>	
Landscape - Refurbish	3,895
Trees - Trim/Remove	2,337

**Sample HOA**  
 Your Town, WA  
**Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2038 continued...</b>	
Asphalt - Repair & Sealcoat	34,275
Asphalt Path - Repair & Seal	10,516
<b>Total for 2038</b>	<b>\$51,023</b>
<b>Replacement Year 2039</b>	
Irrigation System - Repair	2,407
<b>Total for 2039</b>	<b>\$2,407</b>
<i>No Replacement in 2040</i>	
<b>Replacement Year 2041</b>	
Landscape - Refurbish	4,256
Trees - Trim/Remove	2,554
<b>Total for 2041</b>	<b>\$6,810</b>
<b>Replacement Year 2042</b>	
Concrete - Repair	5,611
Wood Fence - Repair & Stain	4,945
<b>Total for 2042</b>	<b>\$10,556</b>
<b>Replacement Year 2043</b>	
Asphalt - Repair & Sealcoat	39,734
Asphalt Path - Repair & Seal	12,191
<b>Total for 2043</b>	<b>\$51,926</b>
<b>Replacement Year 2044</b>	
Landscape - Refurbish	4,651
Trees - Trim/Remove	2,790
Irrigation System - Repair	2,790
<b>Total for 2044</b>	<b>\$10,232</b>
<i>No Replacement in 2045</i>	
<i>No Replacement in 2046</i>	
<b>Replacement Year 2047</b>	
Landscape - Refurbish	5,082

**Sample HOA**  
 Your Town, WA  
**Annual Expenditure Detail**

Description	Expenditures
<b><i>Replacement Year 2047 continued...</i></b>	
Trees - Trim/Remove	3,049
Concrete - Repair	6,505
Wood Fence - Repair & Stain	5,732
Wood Fence - Replace	21,497
<b>Total for 2047</b>	<b>\$41,865</b>
<b>Replacement Year 2048</b>	
Asphalt - Repair & Sealcoat	46,063
Asphalt Path - Repair & Seal	14,133
Asphalt - Overlay	460,631
<b>Total for 2048</b>	<b>\$520,827</b>
<b>Replacement Year 2049</b>	
Irrigation System - Repair	3,235
<b>Total for 2049</b>	<b>\$3,235</b>
<b>Replacement Year 2050</b>	
Landscape - Refurbish	5,553
Trees - Trim/Remove	3,332
<b>Total for 2050</b>	<b>\$8,885</b>
<i>No Replacement in 2051</i>	
<b>Replacement Year 2052</b>	
Concrete - Repair	7,541
Wood Fence - Repair & Stain	6,646
<b>Total for 2052</b>	<b>\$14,187</b>

**Sample HOA**  
**Deterioration Summary**

Asset ID	Description	Useful Life	Current Cost	Annual Deterioration
1000	Concrete - Repair	5	\$3,200	\$640
1005	Asphalt - Repair & Sealcoat	5	\$22,000	\$4,400
1015	Asphalt - Overlay	40	\$220,000	\$5,500
1035	Asphalt Path - Repair & Seal	5	\$6,750	\$1,350
1040	Asphalt Path - Overlay	40	\$67,500	\$1,688
1065	Mailboxes - Replace	25	\$12,000	\$480
1070	Wood Fence - Replace	20	\$10,575	\$529
1075	Wood Fence - Repair & Stain	5	\$2,820	\$564
1135	Landscape - Refurbish	3	\$2,500	\$833
1145	Trees - Trim/Remove	3	\$1,500	\$500
1155	Irrigation System - Repair	5	\$1,500	\$300
1160	Drainage System - Maintain	Unfunded		
1175	Pole Lights - Replace	Unfunded		
6005	Reserve Study - Annual Update	Unfunded		

Total Annual Deterioration of Association Assets

**\$16,784**

# Sample



## Full Funding Model

# Sample

The data within this section represents the 100% full funding model. In this model the association works to fund the reserve account to a level in which the reserve account balance equals the fully funded balance, thus achieving 100% funding. This is accomplished over the 30 year scope of the report. Following this funding model is recommended, as it puts the association at the lowest risk of requiring a special assessment should a project occur earlier than projected or cost more than anticipated.

**Sample HOA**  
Your Town, WA  
**Full Funding Model Summary**

Report Date	January 1, 2023
Account Number	12345
Budget Year Beginning	January 1, 2023
Budget Year Ending	December 31, 2023
Total Units	50

<b>Report Parameters</b>		
Inflation		3.00%
Interest Rate on Reserve Deposit		1.00%
2023 Beginning Balance		\$115,000

**Full Funding Model**

# Sample

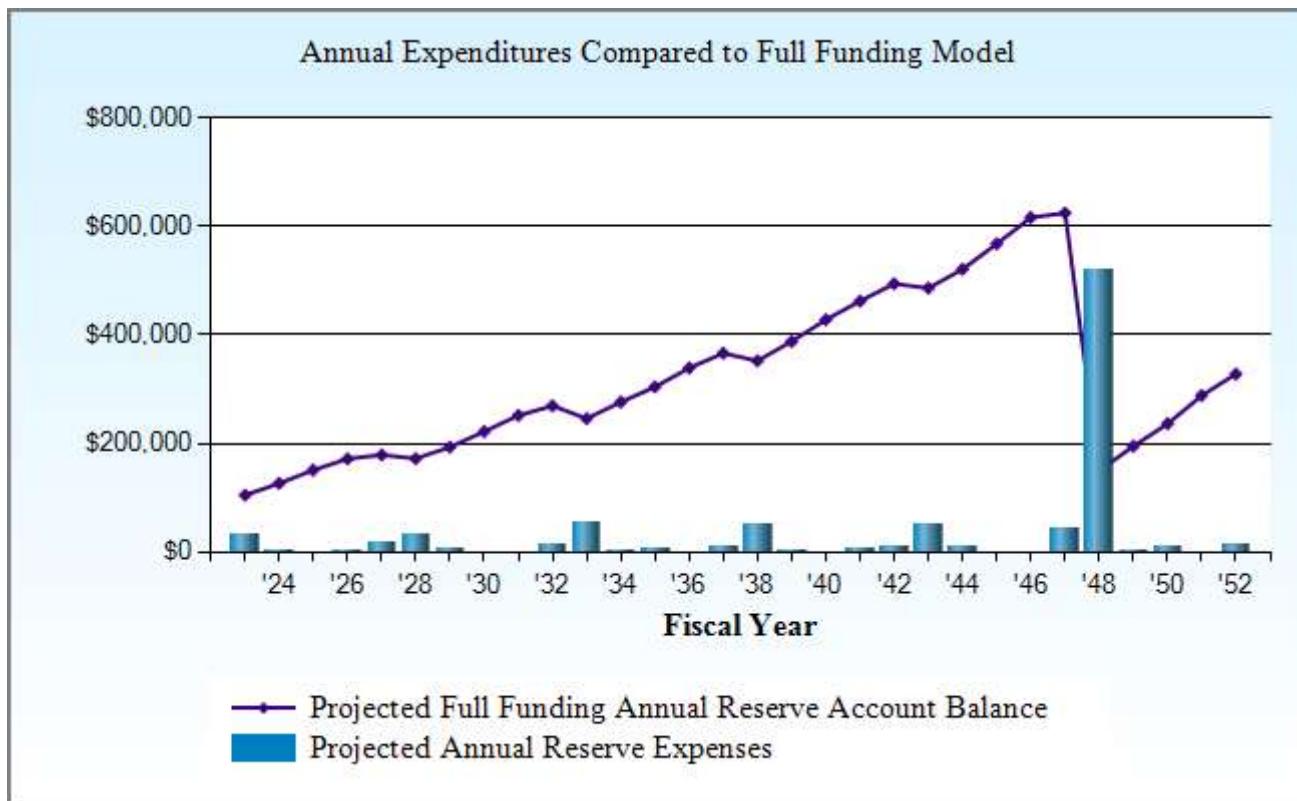
***Full Funding Model Summary of Calculations***

Required Annual Contribution <i>\$430.00 per unit annually</i>	\$21,500.00
Average Net Annual Interest Earned	\$1,037.50
Total Annual Allocation to Reserves <i>\$450.75 per unit annually</i>	\$22,537.50

**Sample HOA**  
**Full Funding Model Projection**

Beginning Balance: \$115,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2023	350,345	21,500	1,037	32,750	104,787	132,287	79%
2024	360,855	22,145	1,254	1,545	126,641	152,414	83%
2025	371,681	22,809	1,495		150,945	175,269	86%
2026	382,831	23,494	1,701	4,371	171,769	194,856	88%
2027	394,316	24,198	1,773	18,678	179,062	200,827	89%
2028	406,146	24,924	1,707	33,329	172,364	192,467	90%
2029	418,330	25,672	1,915	6,567	193,384	212,020	91%
2030	430,880	26,442	2,198		222,024	239,540	93%
2031	443,807	27,236	2,493		251,752	268,520	94%
2032	457,121	28,053	2,667	13,074	269,398	285,557	94%
2033	470,834	28,894	2,435	54,765	245,963	260,837	94%
2034	484,959	29,761	2,736	2,076	276,384	290,339	95%
2035	499,508	30,654	3,013	5,703	304,349	317,704	96%
2036	514,493	31,573	3,359		339,281	352,500	96%
2037	529,928	32,521	3,627	9,106	366,323	379,719	96%
2038	545,826	33,496	3,488	51,023	352,284	365,361	96%
2039	562,201	34,501	3,844	2,407	388,222	401,450	97%
2040	579,067	35,536	4,238		427,996	441,930	97%
2041	596,439	36,602	4,578	6,810	462,366	477,463	97%
2042	614,332	37,700	4,895	10,556	494,405	511,082	97%
2043	632,762	38,831	4,813	51,926	486,124	504,004	96%
2044	651,745	39,996	5,159	10,232	521,048	540,590	96%
2045	671,297	41,196	5,622		567,867	589,773	96%
2046	691,436	42,432	6,103		616,402	641,421	96%
2047	712,179	43,705	6,182	41,865	624,424	652,515	96%
2048	733,545	45,016	1,486	520,827	150,099	171,660	87%
2049	755,551	46,367	1,932	3,235	195,163	210,581	93%
2050	778,217	47,758	2,340	8,885	236,376	245,962	96%
2051	801,564	49,190	2,856		288,422	292,703	99%
2052	825,611	50,666	3,249	14,187	328,151	327,415	100%



This chart compares the projected yearly reserve balance within the full funding plan against the cumulative expenses anticipated within that year.

# Sample



## **70% Threshold Funding Model**

# Sample

The data within this section represents the 70% threshold funding model. In this model the association aims to become 70% funded over the 30 year scope of the report. While the 100% full funding model in the prior section features the lowest risk of a special assessment, this 70% model provides an alternate option for associations that do not wish to fund reserves to 100% but wish to actively mitigate the risk of a special assessment by funding reserves to a level in which the risk of a special assessment is still relatively low.

**Sample HOA**  
Your Town, WA  
**70% Funding Model Summary**

Report Date	January 1, 2023
Account Number	12345
Budget Year Beginning	January 1, 2023
Budget Year Ending	December 31, 2023
Total Units	50

<b>Report Parameters</b>		
Inflation		3.00%
Interest Rate on Reserve Deposit		1.00%
2023 Beginning Balance		\$115,000

**70% Funding Model**

# Sample

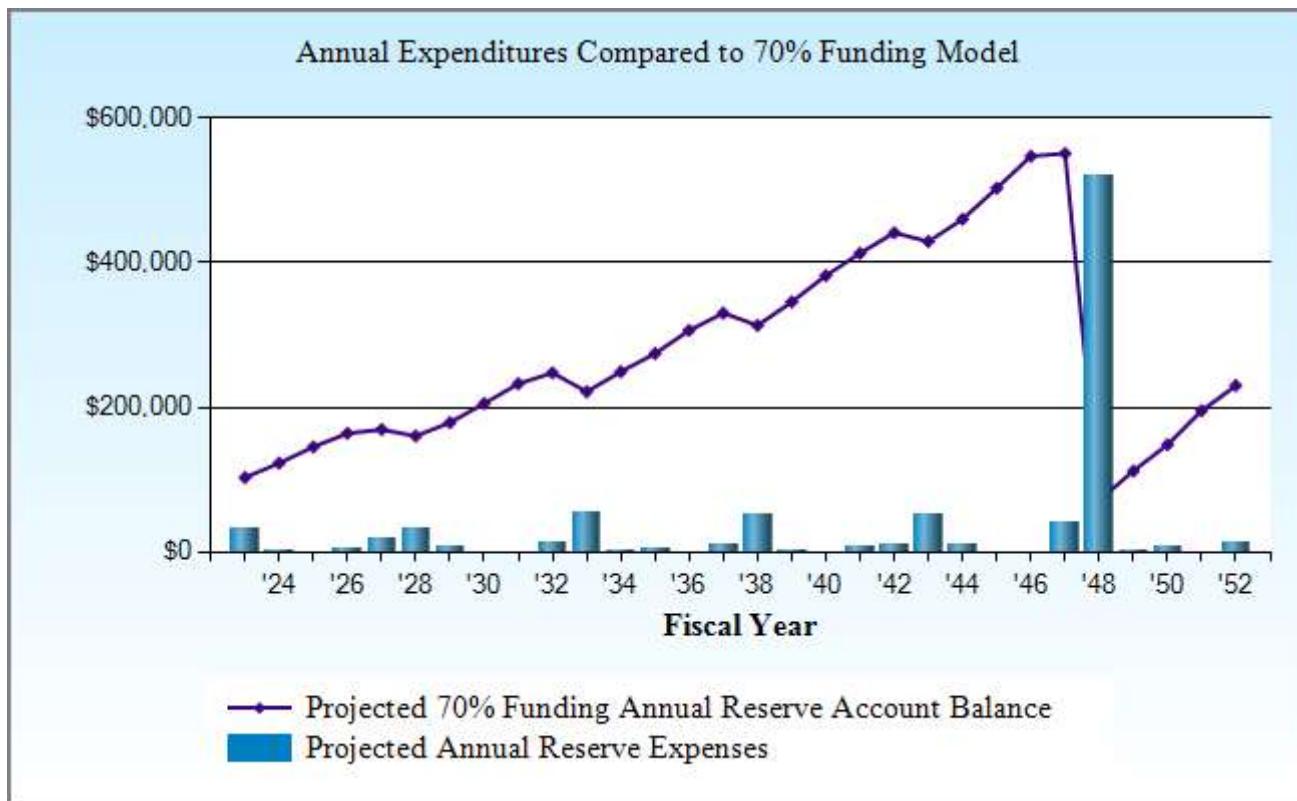
**70% Funding Model Summary of Calculations**

Required Annual Contribution <i>\$394.00 per unit annually</i>	\$19,700.00
Average Net Annual Interest Earned	\$1,019.50
Total Annual Allocation to Reserves <i>\$414.39 per unit annually</i>	\$20,719.50

**Sample HOA**  
**70% Funding Model Projection**

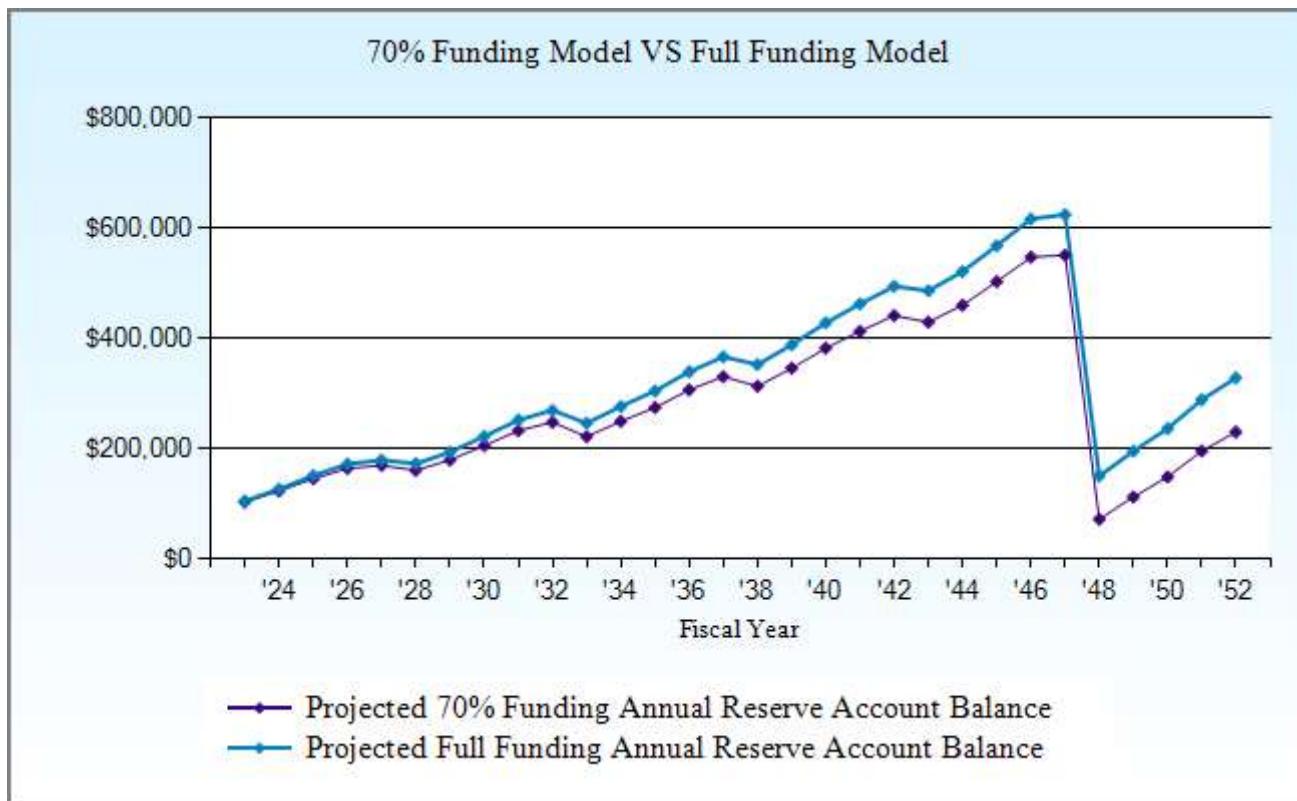
Beginning Balance: \$115,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2023	350,345	19,700	1,019	32,750	102,969	132,287	78%
2024	360,855	20,291	1,217	1,545	122,933	152,414	81%
2025	371,681	20,900	1,438		145,271	175,269	83%
2026	382,831	21,527	1,624	4,371	164,051	194,856	84%
2027	394,316	22,173	1,675	18,678	169,221	200,827	84%
2028	406,146	22,838	1,587	33,329	160,317	192,467	83%
2029	418,330	23,523	1,773	6,567	179,045	212,020	84%
2030	430,880	24,229	2,033		205,306	239,540	86%
2031	443,807	24,955	2,303		232,564	268,520	87%
2032	457,121	25,704	2,452	13,074	247,646	285,557	87%
2033	470,834	26,475	2,194	54,765	221,551	260,837	85%
2034	484,959	27,269	2,467	2,076	249,211	290,339	86%
2035	499,508	28,087	2,716	5,703	274,311	317,704	86%
2036	514,493	28,930	3,032		306,274	352,500	87%
2037	529,928	29,798	3,270	9,106	330,236	379,719	87%
2038	545,826	30,692	3,099	51,023	313,003	365,361	86%
2039	562,201	31,613	3,422	2,407	345,631	401,450	86%
2040	579,067	32,561	3,782		381,974	441,930	86%
2041	596,439	33,538	4,087	6,810	412,789	477,463	86%
2042	614,332	34,544	4,368	10,556	441,145	511,082	86%
2043	632,762	35,580	4,248	51,926	429,048	504,004	85%
2044	651,745	36,648	4,555	10,232	460,019	540,590	85%
2045	671,297	37,747	4,978		502,744	589,773	85%
2046	691,436	38,880	5,416		547,040	641,421	85%
2047	712,179	40,046	5,452	41,865	550,672	652,515	84%
2048	733,545	41,247	711	520,827	71,803	171,660	42%
2049	755,551	42,485	1,111	3,235	112,164	210,581	53%
2050	778,217	43,759	1,470	8,885	148,509	245,962	60%
2051	801,564	45,072	1,936		195,517	292,703	67%
2052	825,611	46,424	2,278	14,187	230,032	327,415	70%



This chart compares the projected yearly reserve balance within the 70% Funding model against the cumulative expenses anticipated within that year.

# Sample



This chart compares the projected annual reserve account balances between the 70% Funding model and the Full Funding model.

# Sample



## **Baseline Funding Model**

# Sample

The data within this section represents the baseline funding model. In this model, the association funds reserves at a level in which the reserve balance is not projected to drop below zero over the 30 year scope of this report. Baseline funding has the highest risk of a special assessment. Under this model, if a project comes in just slightly over budget, or occurs earlier than anticipated, the association has a high risk of requiring a special assessment.

**Sample HOA**  
Your Town, WA  
**Baseline Funding Model Summary**

Report Date	January 1, 2023
Account Number	12345
Budget Year Beginning	January 1, 2023
Budget Year Ending	December 31, 2023
Total Units	50

<b>Report Parameters</b>		
Inflation		3.00%
Interest Rate on Reserve Deposit		1.00%
2023 Beginning Balance		\$115,000

## **Baseline Funding Model**

# Sample

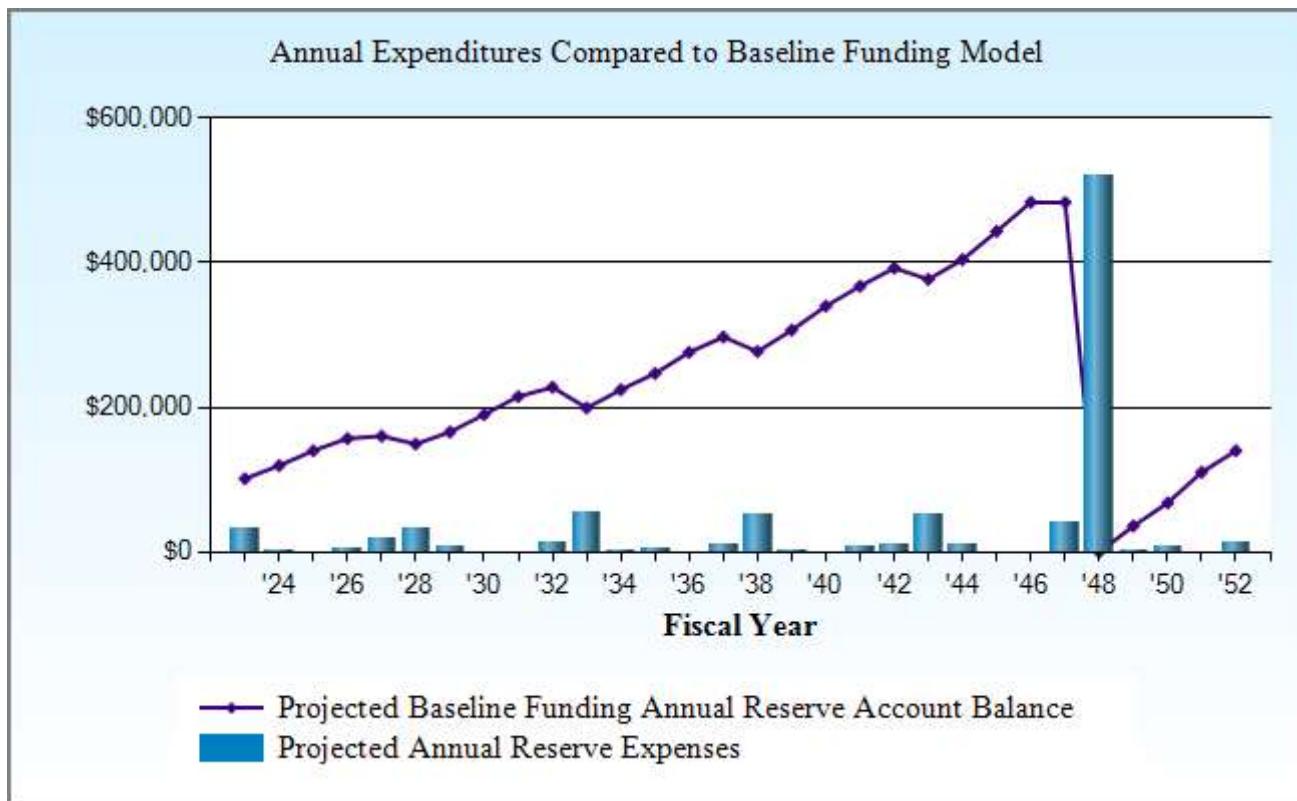
### ***Baseline Funding Model Summary of Calculations***

Required Annual Contribution <i>\$361.00 per unit annually</i>	\$18,050.00
Average Net Annual Interest Earned	\$1,003.00
Total Annual Allocation to Reserves <i>\$381.06 per unit annually</i>	\$19,053.00

**Sample HOA**  
**Baseline Funding Model Projection**

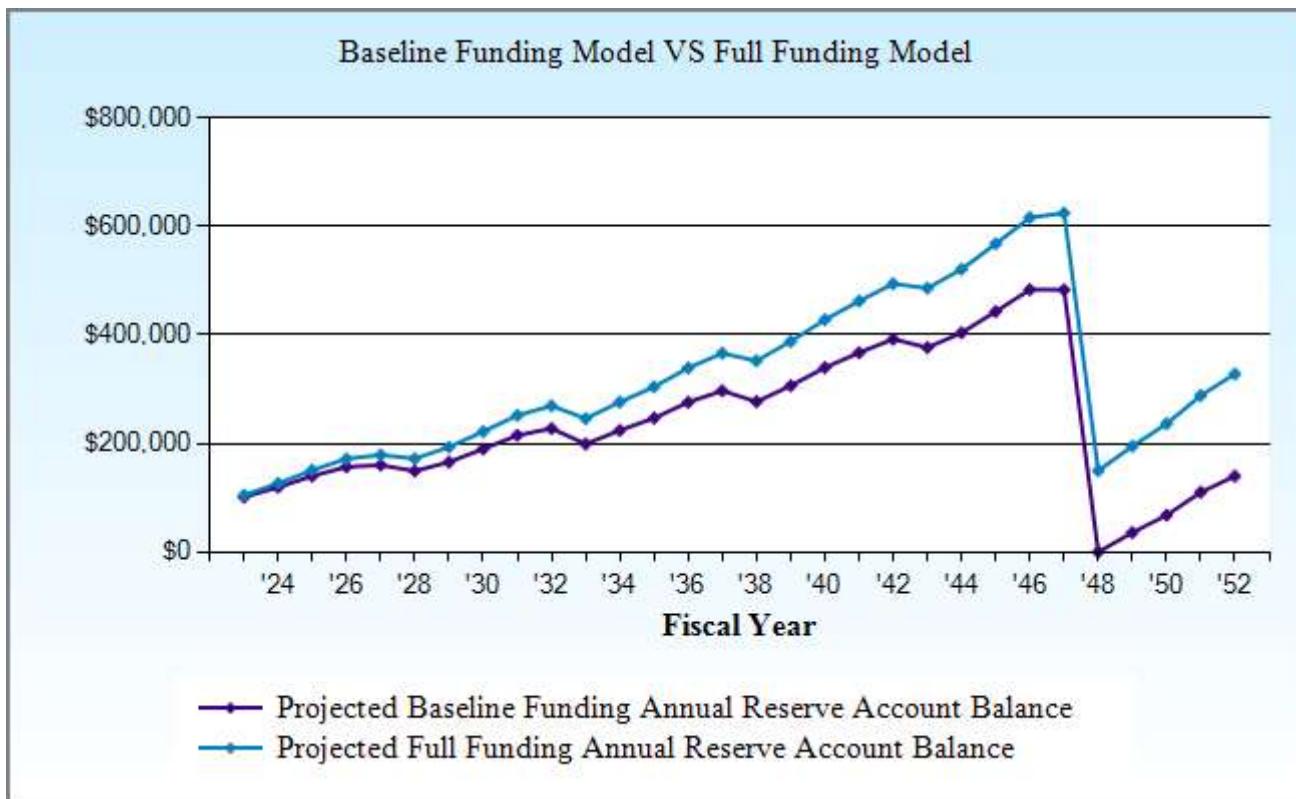
Beginning Balance: \$115,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2023	350,345	18,050	1,003	32,750	101,303	132,287	77%
2024	360,855	18,591	1,183	1,545	119,533	152,414	78%
2025	371,681	19,149	1,387		140,069	175,269	80%
2026	382,831	19,724	1,554	4,371	156,976	194,856	81%
2027	394,316	20,315	1,586	18,678	160,200	200,827	80%
2028	406,146	20,925	1,478	33,329	149,274	192,467	78%
2029	418,330	21,553	1,643	6,567	165,902	212,020	78%
2030	430,880	22,199	1,881		189,982	239,540	79%
2031	443,807	22,865	2,128		214,975	268,520	80%
2032	457,121	23,551	2,255	13,074	227,707	285,557	80%
2033	470,834	24,258	1,972	54,765	199,172	260,837	76%
2034	484,959	24,985	2,221	2,076	224,302	290,339	77%
2035	499,508	25,735	2,443	5,703	246,778	317,704	78%
2036	514,493	26,507	2,733		276,017	352,500	78%
2037	529,928	27,302	2,942	9,106	297,156	379,719	78%
2038	545,826	28,121	2,743	51,023	276,996	365,361	76%
2039	562,201	28,965	3,036	2,407	306,590	401,450	76%
2040	579,067	29,834	3,364		339,788	441,930	77%
2041	596,439	30,729	3,637	6,810	367,344	477,463	77%
2042	614,332	31,651	3,884	10,556	392,323	511,082	77%
2043	632,762	32,600	3,730	51,926	376,728	504,004	75%
2044	651,745	33,578	4,001	10,232	404,075	540,590	75%
2045	671,297	34,586	4,387		443,048	589,773	75%
2046	691,436	35,623	4,787		483,458	641,421	75%
2047	712,179	36,692	4,783	41,865	483,067	652,515	74%
2048	733,545	37,793		520,827	33	171,660	0%
2049	755,551	38,926	357	3,235	36,082	210,581	17%
2050	778,217	40,094	673	8,885	67,964	245,962	28%
2051	801,564	41,297	1,093		110,353	292,703	38%
2052	825,611	42,536	1,387	14,187	140,090	327,415	43%



This chart compares the projected yearly reserve balance within the Baseline Funding model against the cumulative expenses anticipated within that year.

# Sample



This chart compares the projected annual reserve account balances between the Baseline Funding model and the Full Funding model.

# Sample



## **Current Funding Model**

# Sample

The data within this section represents the association's current funding model, based on the most recent annual budget. This data is helpful in determining whether current contribution rates are sufficient to meet the association's funding goals over time.

**Sample HOA**  
Your Town, WA  
**Current Assessment Funding Model Summary**

Report Date	January 1, 2023
Account Number	12345
Budget Year Beginning	January 1, 2023
Budget Year Ending	December 31, 2023
Total Units	50

<b>Report Parameters</b>		
Inflation	3.00%	
Annual Assessment Increase	3.00%	
Interest Rate on Reserve Deposit	1.00%	
2023 Beginning Balance		\$115,000

## **Current Assessment Funding Model**

# Sample

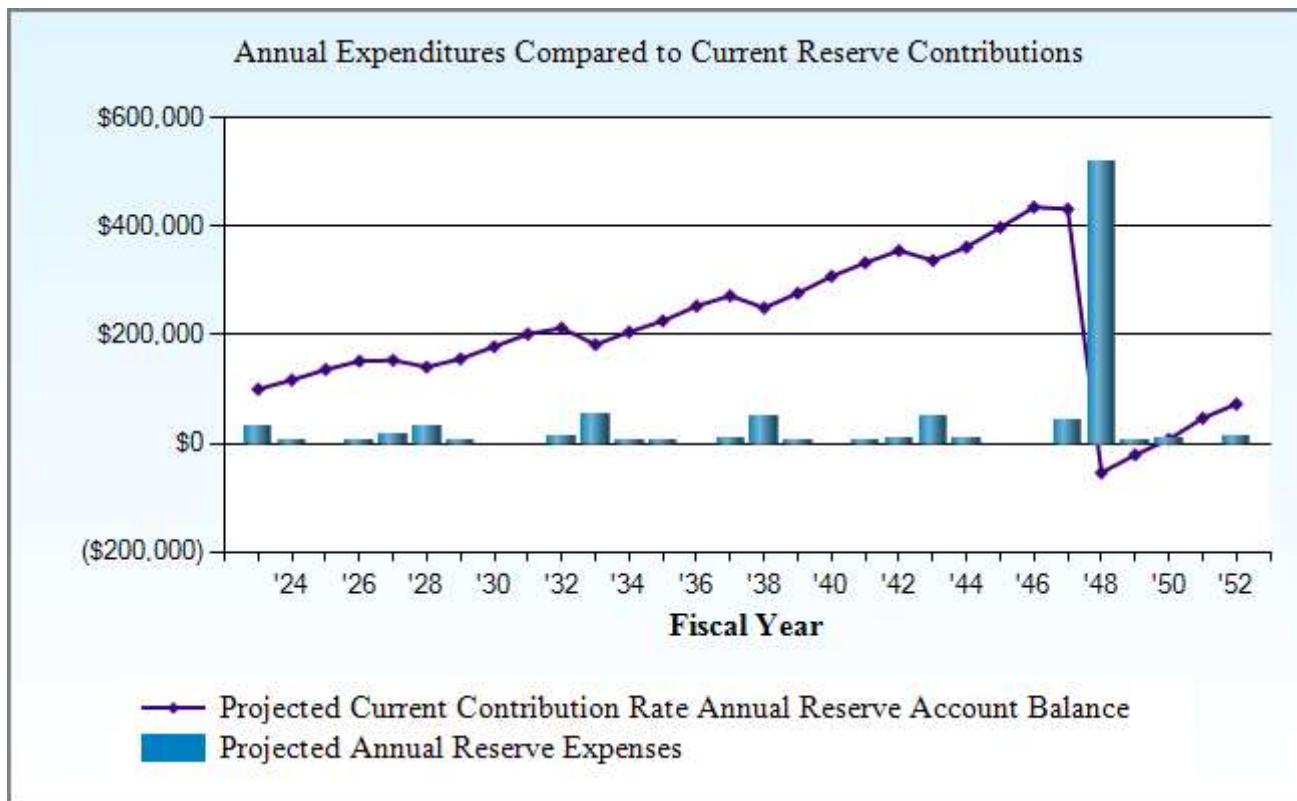
### ***Current Assessment Funding Model Summary of Calculations***

Required Annual Contribution <i>\$336.00 per unit annually</i>	\$16,800.00
Average Net Annual Interest Earned	\$990.50
Total Annual Allocation to Reserves <i>\$355.81 per unit annually</i>	\$17,790.50

**Sample HOA**  
**Current Assessment Funding Model Projection**

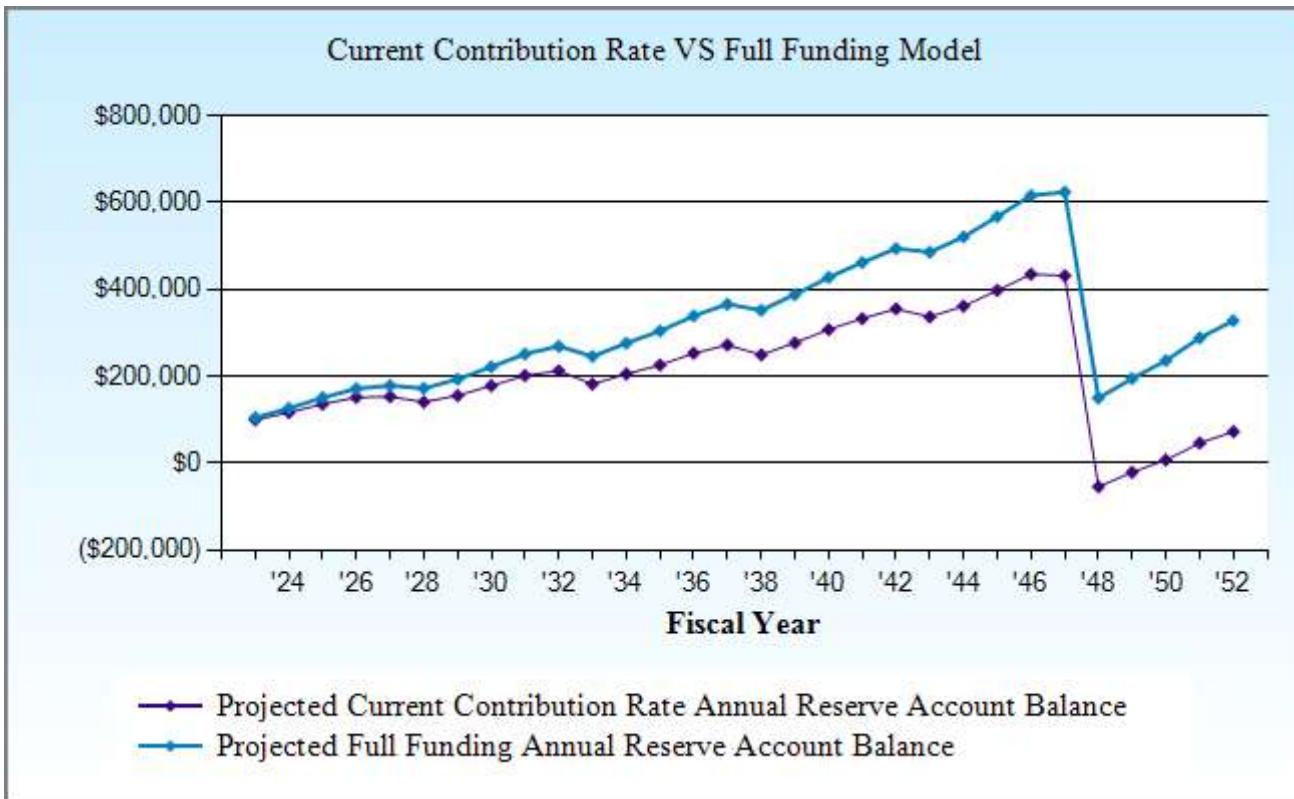
Beginning Balance: \$115,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2023	350,345	16,800	990	32,750	100,040	132,287	76%
2024	360,855	17,304	1,158	1,545	116,957	152,414	77%
2025	371,681	17,823	1,348		136,128	175,269	78%
2026	382,831	18,358	1,501	4,371	151,616	194,856	78%
2027	394,316	18,909	1,518	18,678	153,366	200,827	76%
2028	406,146	19,476	1,395	33,329	140,907	192,467	73%
2029	418,330	20,060	1,544	6,567	155,944	212,020	74%
2030	430,880	20,662	1,766		178,372	239,540	74%
2031	443,807	21,282	1,997		201,650	268,520	75%
2032	457,121	21,920	2,105	13,074	212,602	285,557	74%
2033	470,834	22,578	1,804	54,765	182,219	260,837	70%
2034	484,959	23,255	2,034	2,076	205,432	290,339	71%
2035	499,508	23,953	2,237	5,703	225,918	317,704	71%
2036	514,493	24,671	2,506		253,096	352,500	72%
2037	529,928	25,412	2,694	9,106	272,095	379,719	72%
2038	545,826	26,174	2,472	51,023	249,718	365,361	68%
2039	562,201	26,959	2,743	2,407	277,013	401,450	69%
2040	579,067	27,768	3,048		307,829	441,930	70%
2041	596,439	28,601	3,296	6,810	332,916	477,463	70%
2042	614,332	29,459	3,518	10,556	355,337	511,082	70%
2043	632,762	30,343	3,338	51,926	337,092	504,004	67%
2044	651,745	31,253	3,581	10,232	361,694	540,590	67%
2045	671,297	32,191	3,939		397,823	589,773	67%
2046	691,436	33,156	4,310		435,289	641,421	68%
2047	712,179	34,151	4,276	41,865	431,851	652,515	66%
2048	733,545	35,175		520,827	-53,801	171,660	
2049	755,551	36,231		3,235	-20,805	210,581	
2050	778,217	37,318	76	8,885	7,704	245,962	3%
2051	801,564	38,437	461		46,602	292,703	16%
2052	825,611	39,590	720	14,187	72,726	327,415	22%



This chart compares the projected yearly reserve balance at the association's current contribution rate against the cumulative expenses anticipated within that year.

# Sample



This chart compares the projected annual reserve account balances between the association's current contribution rate and the Full Funding model.

# Sample

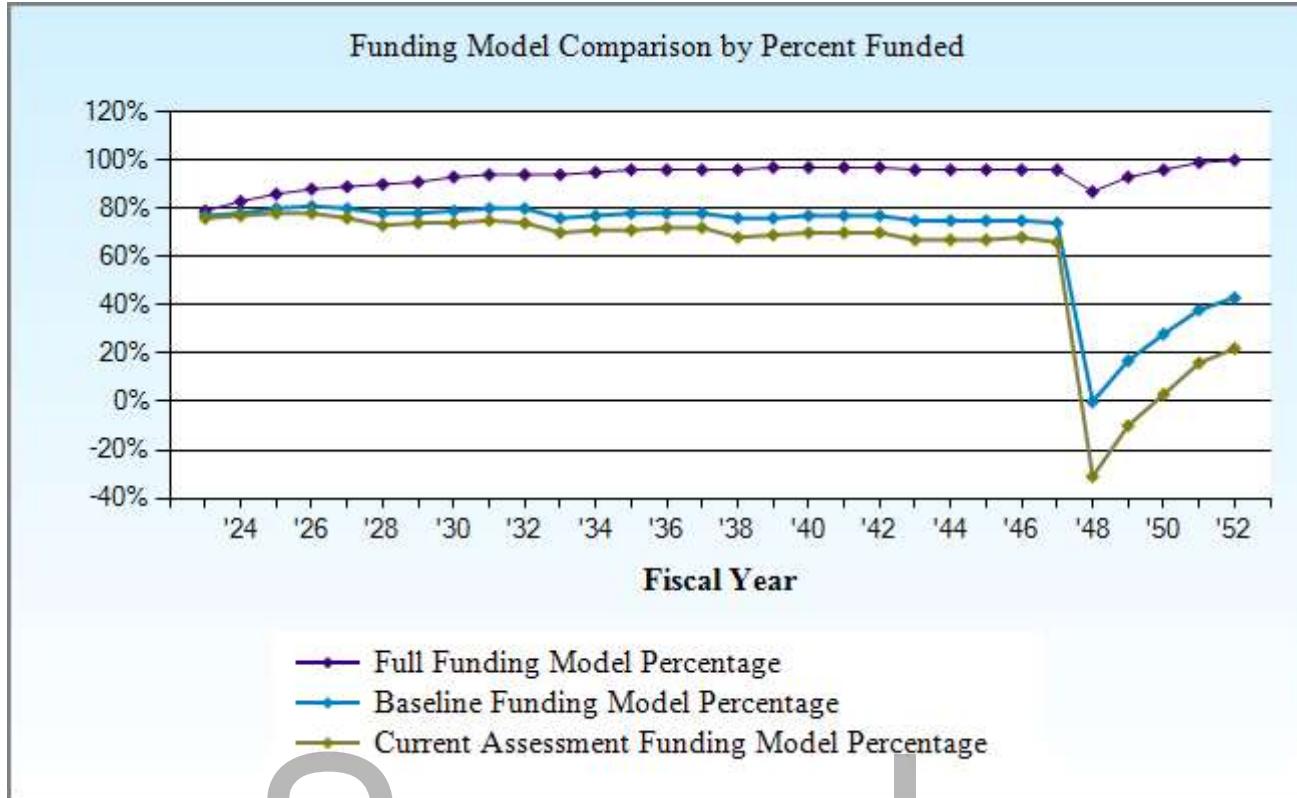


## **Comparison Charts**

# Sample

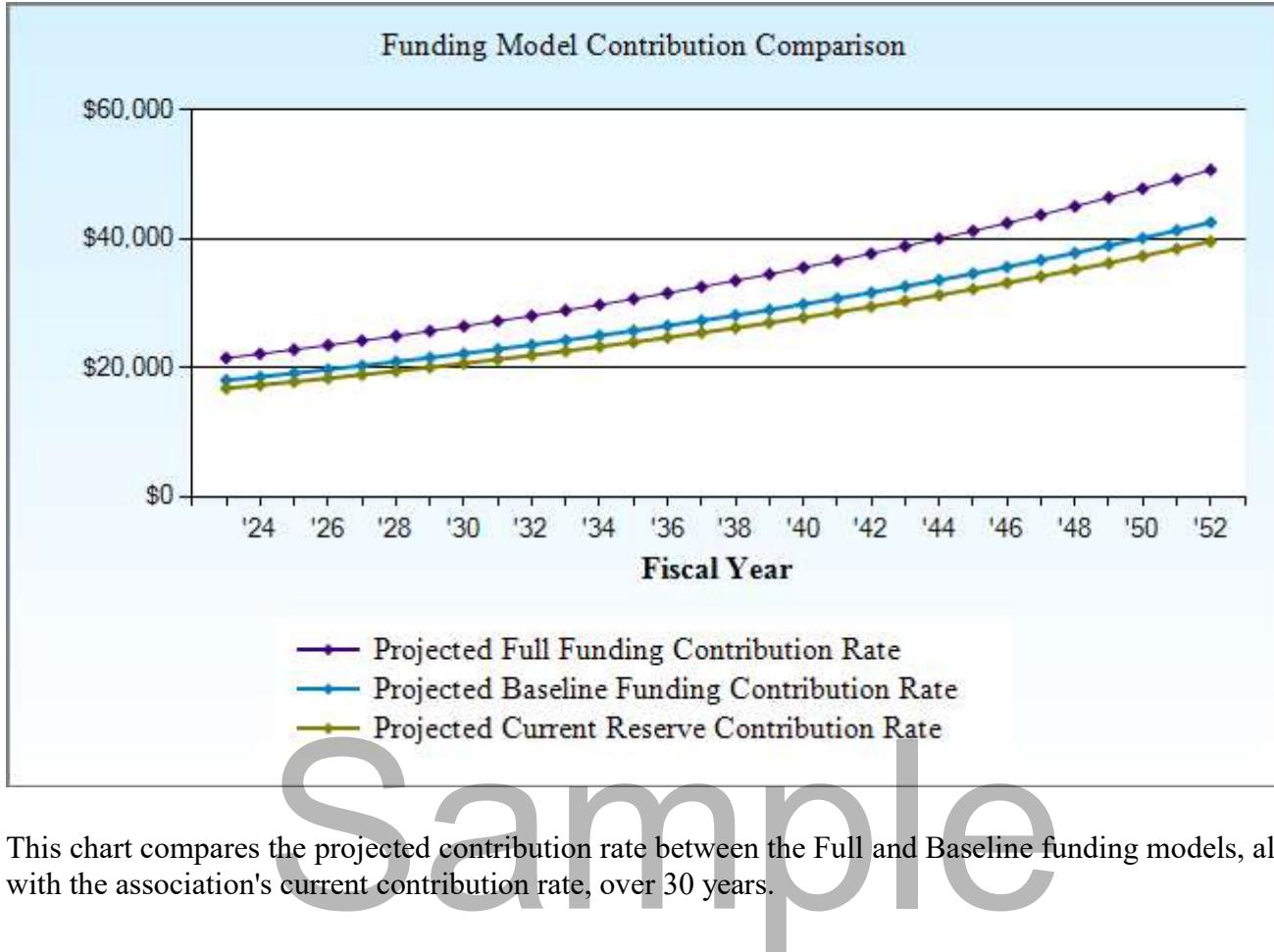
The charts within this section represent a visual comparison of the funding models included within this report. Each chart features a descriptive title indicating the data which is being compared and are extremely helpful for the association in comparing its current funding plan to the plans included within the study.

**Sample HOA**  
**Funding Model Comparison by Percent Funded**



This chart compares the association's projected percent funded on an annual basis between the Full and Baseline funding models, along with the association's current contribution rate, over 30 years.

**Sample HOA**  
**Funding Model Assessment Comparison Chart**



This chart compares the projected contribution rate between the Full and Baseline funding models, along with the association's current contribution rate, over 30 years.



## **Component Detail Report**

# Sample

The following section features a detailed breakdown of each of the association's reserve components. This section details component history, quantities, useful life, remaining useful life and cost breakdowns, among other important data. For Level I Full and Level II With-Site-Visit reports, this section also features maintenance recommendations and photographs of the components.

**Sample HOA**  
**Index of Funded Components**

Asset ID	Description	Replacement	Page
1000	Concrete - Repair	2027	39
1005	Asphalt - Repair & Sealcoat	2023	40
1015	Asphalt - Overlay	2048	41
1035	Asphalt Path - Repair & Seal	2023	42
1040	Asphalt Path - Overlay	2058	43
1065	Mailboxes - Replace	2033	44
1070	Wood Fence - Replace	2027	45
1075	Wood Fence - Repair & Stain	2027	46
1135	Landscape - Refurbish	2023	47
1145	Trees - Trim/Remove	2023	48
1155	Irrigation System - Repair	2024	49
1160	Drainage System - Maintain	2023	50
1175	Pole Lights - Replace	2023	51
6005	Reserve Study - Annual Update	2023	52
Total Funded Assets		11	
Total Unfunded Assets		<u>3</u>	
Total Assets		<u>14</u>	

Sample

**Sample HOA**  
**Detail Report by Category**

**Concrete - Repair - 2027**

Asset ID	1000	1 Allowance	@ \$3,200.00
		Asset Actual Cost	\$3,200.00
		Percent Replacement	100%
	Grounds	Future Cost	\$3,601.63
Placed in Service	January 2022		
Useful Life	5		
Replacement Year	2027		
Remaining Life	4		



Cost Range: The allowance included here is a basic flat fee allowance. Actual cost may vary based on final scope of work.

Cost Source: Client cost history

Location: Curbs and sidewalks throughout community

Component History: Repairs 2022 \$3,200

Concrete appeared generally intact, with no major damage or deterioration observed.

Typically, concrete surfaces have a predictable useful life which exceeds the scope of this report, however we have included a rotating funding allowance for periodic repairs and spot replacements. Because this is a rotating component, the date in service represents the approximate last repair date.

Inspect and repair concrete as needed through annual operating budget. Clean periodically to remove stains and organic debris, and repair any trip hazards (defined as  $\frac{1}{4}$ " or more of vertical change at any joint or crack by the 1990 Americans with Disabilities Act) immediately.

Some jurisdictions make sidewalks along public roads the responsibility of the adjacent property owner to maintain, repair and replace. We recommend consulting with your local municipality to confirm responsibility if your governing documents are not clear on this matter.

The Portland Cement Association has extensive resources available regarding concrete and cement products on its website: [Portland Cement](#)

**Sample HOA**  
**Detail Report by Category**

**Asphalt - Repair & Sealcoat - 2023**

Asset ID	1005	55,000 GSF	@ \$0.40
		Asset Actual Cost	\$22,000.00
		Percent Replacement	100%
	Grounds	Future Cost	\$22,000.00
Placed in Service	January 2016		
Useful Life	5		
Replacement Year	2023		
Remaining Life	0		



**Cost Range:** The cost range within this component could deviate by 5-10% from the cost used here and in some cases may vary by a larger degree. Factors affecting cost may include, but are not limited to, the actual scope of work, association specific site conditions, contractor and material availability, levels of maintenance and economic factors.

Cost Source: Accurate Reserve Professionals, LLC Database

Location: Private asphalt roads throughout community

Component History: Reportedly sealed 2016 \$8,650

Asphalt seal coat appeared generally deteriorated, with peeling and flaking observed in areas.

Regular cycles of seal coating are recommended to prevent water from penetrating the asphalt surface. We typically recommend that asphalt seal coat is applied at 5 year intervals, however areas of high traffic or water movement (such as on a slope) may require more frequent applications. Failure to regularly apply asphalt seal coat is likely to reduce the overall useful life of asphalt. Repairing asphalt and sealing cracks prior to seal coat application is imperative, and an allowance for repairs is included within the funding in this report. Repair costs can vary significantly based on scope, therefore costs may vary from the allowances included herein. Costs also factor re-striping asphalt following seal coat application.

The Washington State Department of Transportation has published a report detailing asphalt seal coats and techniques for application, which can be found here: [Washington DOT Recommendations](#)

**Sample HOA**  
**Detail Report by Category**

**Asphalt - Overlay - 2048**

Asset ID	1015	55,000 GSF	@ \$4.00
		Asset Actual Cost	\$220,000.00
		Percent Replacement	100%
	Grounds	Future Cost	\$460,631.14
Placed in Service	January 2008		
Useful Life	40		
Replacement Year	2048		
Remaining Life	25		



**Cost Range:** The cost range within this component could deviate by 5-10% from the cost used here and in some cases may vary by a larger degree. Factors affecting cost may include, but are not limited to, the actual scope of work, association specific site conditions, contractor and material availability, levels of maintenance and economic factors.

Cost Source: Accurate Reserve Professionals, LLC Database

Location: Private asphalt roads throughout community.

Component History: None known

Asphalt appeared generally intact, with local cracks and tree root uplift observed in areas.

The average useful life of asphalt can range significantly based on several factors including, but not limited to, quality of initial installation, traffic levels and type, proximity of tree roots, frequency of proactive repairs and frequency of seal coat or chip seal application. Typically asphalt is initially installed 2-4 inches in depth and resurfacing involves grinding down the top 1-2 inches and overlaying a new layer of asphalt. This is typically performed at 20-40 year intervals depending on the unique site conditions of the property and levels of proactive maintenance. Asphalt resurfacing is often one of the larger expenses experienced by an association, especially if the association is responsible for private roads, therefore proactive maintenance and sealing to prolong the useful life of the asphalt is a best practice.

**Sample HOA**  
**Detail Report by Category**

**Asphalt Path - Repair & Seal - 2023**

Asset ID	1035	15,000 GSF	@ \$0.45
		Asset Actual Cost	\$6,750.00
		Percent Replacement	100%
	Grounds	Future Cost	\$6,750.00
Placed in Service	January 2016		
Useful Life	5		
Replacement Year	2023		
Remaining Life	0		



**Cost Range:** The cost range within this component could deviate by 5-10% from the cost used here and in some cases may vary by a larger degree. Factors affecting cost may include, but are not limited to, the actual scope of work, association specific site conditions, contractor and material availability, levels of maintenance and economic factors.

Cost Source: Accurate Reserve Professionals, LLC Database

Location: Path within community park

Component History: Reportedly sealed 2016 following installation ~ \$4,750

Regular cycles of seal coat application are recommended at asphalt pathways to prevent water from penetrating the asphalt surface. We typically recommend that asphalt seal coat is applied at 5 year intervals. Failure to regularly apply asphalt seal coat is likely to reduce the overall useful life of asphalt. Repairing asphalt and sealing cracks prior to seal coat application is imperative, and an allowance for repairs is included within the funding in this report. Repair costs can vary significantly based on scope, therefore costs may vary from the allowances included herein.

The Washington State Department of Transportation has published a report detailing asphalt seal coats and techniques for application, which can be found here: [Washington DOT Recommendations](#)

**Sample HOA**  
**Detail Report by Category**

**Asphalt Path - Overlay - 2058**

Asset ID	1040	15,000 GSF	@ \$4.50
		Asset Actual Cost	\$67,500.00
		Percent Replacement	100%
	Grounds	Future Cost	\$189,935.71
Placed in Service	January 2016		
Useful Life	40		
Adjustment	2		
Replacement Year	2058		
Remaining Life	35		



**Cost Range:** The cost range within this component could deviate by 5-10% from the cost used here and in some cases may vary by a larger degree. Factors affecting cost may include, but are not limited to, the actual scope of work, association specific site conditions, contractor and material availability, levels of maintenance and economic factors.

**Cost Source:** Accurate Reserve Professionals, LLC Database

**Location:** Path within community park.

**Component History:** Installed 2016

Asphalt path appeared generally intact, with no major damage or deterioration observed.

The average useful life of asphalt can range significantly based on several factors including, but not limited to, quality of initial installation, proximity of tree roots, frequency of proactive repairs and frequency of seal coat or chip seal application. Typically, resurfacing involves grinding down the top 1-2 inches and overlaying a new layer of asphalt. This is generally performed at 20-40 year intervals depending on the unique site conditions of the property and levels of proactive maintenance. Resurfacing asphalt paths is typically more expensive than resurfacing roadways and parking areas due to more difficult access, etc., therefore proactively maintaining asphalt through regular cycles of seal coat to prolong the useful life is a best practice.

**Sample HOA**  
**Detail Report by Category**

**Mailboxes - Replace - 2033**

Asset ID	1065	4 Cluster Boxes	@ \$3,000.00
		Asset Actual Cost	\$12,000.00
		Percent Replacement	100%
	Grounds	Future Cost	\$16,127.00
Placed in Service	January 2008		
Useful Life	25		
Replacement Year	2033		
Remaining Life	10		



Cost Range: The cost range within this component could deviate by 5-10% from the cost used here and in some cases may vary by a larger degree. Factors affecting cost may include, but are not limited to, the actual scope of work, association specific site conditions, contractor and material availability, levels of maintenance and economic factors.

Cost Source: Accurate Reserve Professionals, LLC Database

Location: Adjacent to roadways within community.

Component History: 2008 manufacture date

Plan to replace mailboxes at roughly 20-25 year cycles. Inspect, clean and repair as needed utilizing operating funds. Most common causes for premature replacement is damage caused by a vehicle and/or vandalism. Contact your local post office prior to replacement of mailboxes to ensure new boxes are installed according to post office guidelines and to coordinate installation of the master lock.

**Sample HOA**  
**Detail Report by Category**

**Wood Fence - Replace - 2027**

Asset ID	1070	235 LF	@ \$45.00
		Asset Actual Cost	\$10,575.00
		Percent Replacement	100%
	Grounds	Future Cost	\$11,902.26
Placed in Service	January 2008		
Useful Life	20		
Adjustment	-1		
Replacement Year	2027		
Remaining Life	4		



**Cost Range:** The cost range within this component could deviate by 5-10% from the cost used here and in some cases may vary by a larger degree. Factors affecting cost may include, but are not limited to, the actual scope of work, association specific site conditions, contractor and material availability, levels of maintenance and economic factors.

**Cost Source:** Accurate Reserve Professionals, LLC Database

**Location:** Partial perimeter of community, primarily along N and NW perimeters.

**Component History:** None known

Wood fence appeared intact, with no major damage or deterioration observed.

The typical useful life of wood fence ranges from 15 to 25 years depending on multiple factors including, but not limited to, the thickness and quality of wood at the time of installation, exposure to the elements and regular cycles of paint/stain. According to the American Fence Association, cedar posts should be inserted directly into the ground and not mounted in concrete to avoid premature decay. Pressure treated pine posts may be set in concrete as the chemical treatment will help prevent decay. Ensure that vegetation is trimmed back from fencing and that soil does not touch the bottom of the fence to prevent premature decay. Adjust irrigation systems as needed to limit contact with fence.

Inspect and repair fence through the annual operating budget in between larger replacement cycles. It is strongly recommended that wood fences are regularly stained to prolong the useful life of the fencing, and for the aesthetic benefits that stain affords.

The American Fence Association has an excellent fencing resource available through its website: [American Fence Association](http://AmericanFenceAssociation)

**Sample HOA**  
**Detail Report by Category**

**Wood Fence - Repair & Stain - 2027**

Asset ID	1075	235 LF	@ \$12.00
		Asset Actual Cost	\$2,820.00
		Percent Replacement	100%
	Grounds	Future Cost	\$3,173.93
Placed in Service	January 2022		
Useful Life	5		
Replacement Year	2027		
Remaining Life	4		



**Cost Range:** The cost range within this component could deviate by 5-10% from the cost used here and in some cases may vary by a larger degree. Factors affecting cost may include, but are not limited to, the actual scope of work, association specific site conditions, contractor and material availability, levels of maintenance and economic factors. Cost assumes that both sides of fence will be stained.

**Cost Source:** Client cost history

**Location:** Partial perimeter of community, primarily along N and NW perimeters.

**Component History:** Stained 2022 \$2,800

Regular cycles of staining of wood fencing are recommended, typically at 5 year intervals. A semi-transparent or solid bodied stain typically yield the best results aesthetically as paint is prone to peel over time and may require additional prep work prior to each paint cycle, resulting in increased costs. In addition to the aesthetic benefit of staining the fence, stain also provides water repellency and may help extend the useful life of the fence. Ensure that fence is adequately cleaned prior to stain application and adjust irrigation systems as needed to limit contact with fence, as direct contact will result in deterioration and discoloration of stain in those areas.

**Sample HOA**  
**Detail Report by Category**

Landscape - Refurbish - 2023		1 Allowance	@ \$2,500.00
Asset ID	1135	Asset Actual Cost	\$2,500.00
		Percent Replacement	100%
	Grounds	Future Cost	\$2,500.00
Placed in Service	January 2019		
Useful Life	3		
Replacement Year	2023		
Remaining Life	0		



Cost Range: The allowance included here is a basic flat fee allowance. Actual cost may vary based on final scope of work.

Cost Source: Accurate Reserve Professionals, LLC Database

Location: Throughout association common area grounds.

Component History: Shrub replacement 2019 \$450

Typically, landscape maintenance is handled through the operating budget however this component factors an allowance for larger periodic landscaping projects outside the scope of the annual maintenance contract. Actual costs may vary significantly based on scope of work, therefore track actual expenses, as well as frequency, and update future reserve studies as needed. Irrigation work, tree trimming and bark/mulch replacement are handled as separate components within this report, if applicable.

Because this is a rotating component, the date in service represents the approximate last landscape renovation date.

**Sample HOA**  
**Detail Report by Category**

**Trees - Trim/Remove - 2023**

		1 Allowance	@ \$1,500.00
	Asset ID	Asset Actual Cost	\$1,500.00
	Placed in Service	Percent Replacement	100%
	Useful Life	Future Cost	\$1,500.00
	Replacement Year		
	Remaining Life		



Cost Range: The allowance included here is a basic flat fee allowance. Actual cost may vary based on final scope of work.

Cost Source: Client cost history

Location: Trees throughout community landscape.

Component History: Tree trimming 2020 \$1,450

Prior to performing any tree trimming, removal or replacement, we strongly urge the association to consult with an arborist to assess the condition of the trees and to assist the association in formulating a tree maintenance plan. Typically, some minor tree work is included within an annual landscape maintenance contract, however many communities require a rotating allowance for larger tree projects. Cost may vary significantly from the allowance included here depending on the scope of work; track actual project costs and timeframes and adjust future reserve studies as needed.

**Sample HOA**  
**Detail Report by Category**

**Irrigation System - Repair - 2024**

Asset ID	1155	1 Allowance	@ \$1,500.00
		Asset Actual Cost	\$1,500.00
		Percent Replacement	100%
	Grounds	Future Cost	\$1,545.00
Placed in Service	January 2019		
Useful Life	5		
Replacement Year	2024		
Remaining Life	1		



Cost Range: The allowance included here is a basic flat fee allowance. Actual cost may vary based on final scope of work.

Cost Source: Accurate Reserve Professionals, LLC Database

Location: Throughout common area landscape.

Component History: Repairs 2019 \$1,200

It is beyond the scope of a reserve study to assess the design, quality and/or function of an irrigation system, however no problems related to irrigation system reported at the time of this report. Irrigation systems typically consist of three main components; timer(s), underground water distribution lines (generally constructed of PVC) and spray heads. The United States Golf Association suggests complete replacement of irrigation systems at 25-30 years of age, as lines can become brittle over time and parts obsolete.

Regularly inspect your system and consult with your landscape vendor to determine the condition of your specific system. There is no information available to indicate that full replacement of system is required within this report, therefore a rotating allowance has been included for periodic larger repairs. Cost can vary widely based on scope of work, therefore track actual expenses and update future reserve studies as needed. Proper winterization is key to prevent damage from frozen lines. Handle smaller repairs such as head replacement (typically done in the spring upon system start-up) through the annual operating budget. Because this is a rotating component, the date in service represents the approximate last repair date.

**Sample HOA**  
**Detail Report by Category**

**Drainage System - Maintain**

Asset ID	1160	1 System	
		Asset Actual Cost	
		Percent Replacement	100%
		Future Cost	
Placed in Service	January 2008		
No Useful Life			



Location: Throughout common area roads and landscaping

Component History: No major projects known

It is beyond the scope of a reserve study to assess the design, quality and/or function of the stormwater drainage system, however no problems reported by client as of this report. When properly installed with no known defects or deficiencies, there is no predictable basis to expect maintenance, repair or replacement of the drainage system within the scope of this report, therefore no reserve funding included.

Common stormwater system components include gutters, ditches, catch basins and control facilities. Catch basins are the drains commonly found in asphalt or concrete surfaces and consist of a metal grate with a compartment below ground. Water gathers inside the compartment and is then drained through an outlet pipe. Often, sediment removal is required within the compartment structure. This is typically done using a vactor truck. The frequency at which sediment removal is required varies by location and is dependent on numerous factors. We recommend assessing the sediment levels in your catch basins every 1-2 years and cleaning as-needed through the annual operating budget.

The Washington State Department of Ecology has extensive resources available pertaining to stormwater systems and stormwater management, including manuals specific to both Western Washington and Eastern Washington: [Washington Department of Ecology Stormwater Manuals](#)

**Sample HOA**  
**Detail Report by Category**

**Pole Lights - Replace**

Asset ID	1175	5 Each
Placed in Service	Grounds	Asset Actual Cost
No Useful Life	January 2008	Percent Replacement
		Future Cost 100%



Location: Adjacent to private roadways

Component History: Original to ~ 2008 construction

Our source reported that pole lights are the responsibility of the local municipality to maintain, repair and replace, therefore no reserve funding included.

**Sample HOA**  
**Detail Report by Category**

**Reserve Study - Annual Update**

Asset ID	6005	1 Annual	Asset Actual Cost	
			Percent Replacement	100%
Placed in Service	Professional		Future Cost	
No Useful Life	January 2023			



**Time for your annual update, contact us today!**

Component History: 2023 FULL

It is recommended that this study is updated annually. Some states, including Washington and Oregon, feature statutes which require that studies be updated on an annual basis for many communities (consult with your legal counsel if you have questions about whether an update is required for your community). Some governing documents may also require that the study be updated annually. Regardless of any state requirements for updates, it is prudent to update your report annually to adjust for constantly changing information including, but not limited to, actual reserve account balance, actual project costs, vendor estimates, economic and market changes, etc. The cost to update your study annually is best treated through the operating budget, therefore no reserve funding included.

Key:

FULL = Level 1 Full Reserve Study

WSV = Level 2 With-Site-Visit Reserve Study

NSV = Level 3 No-Site-Visit Reserve Study

PCNYC = Level 4 Preliminary, Community Not Yet Constructed Reserve Study

# Common Terms & Definitions

A portion of this information is from the National Reserve Study Standards published by Community Associations Institute, dated 03/2018. A link to the full National Reserve Study Standards document can be found here: [National Reserve Study Standards](#)

<b>ALLOWANCE (QUANTITY)</b>	When used in reference to quantity, the term allowance means that the component could not be reasonably quantified to assign a unit cost and therefore a flat cost allowance has been used.
<b>ALLOWANCE (COST)</b>	When used in reference to cost, the term allowance refers to the cost range assigned to that component. For example, the cost allowance for replacement of a roof may be \$4.00 per square foot to \$6.00 per square foot.
<b>CAPITAL IMPROVEMENTS</b>	Additions to the association's common elements that previously did not exist. While these components should be added to the reserve study for future replacement, the cost of construction should not be taken from the reserve fund.
<b>CASH FLOW METHOD</b>	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.
<b>COMPONENT</b>	The individual line items in the reserve study developed or updated in the physical analysis. These elements form the building blocks for the reserve study. These components comprise the common elements of the community and typically are: 1. association responsibility, 2. with limited useful life expectancies, 3. predictable remaining useful life expectancies, and 4. above a minimum threshold cost. It should be noted that in certain jurisdictions there may be statutory requirements for including components or groups of components in the reserve study.
<b>COMPONENT INVENTORY</b>	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, review of association precedents, and discussion with appropriate representative(s) of the association.
<b>COMPONENT METHOD</b>	A method of developing a reserve funding plan where the total contribution is based on the sum of contributions for the individual components.
<b>CONDITION ASSESSMENT</b>	The task of evaluating the current condition of the component based on observed or reported characteristics.
<b>CY</b>	Cubic yards.
<b>EFFECTIVE AGE</b>	The difference between useful life and remaining useful life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

<b>FINANCIAL ANALYSIS</b>	The portion of a reserve study where the current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (funding plan) are derived, and the projected reserve income and expense over a period of time are presented. The financial analysis is one of the two parts of a reserve study.
<b>FULLY FUNDED</b>	100 percent funded. When the actual (or projected) reserve balance is equal to the fully funded balance.
<b>FULLY FUNDED BALANCE (FFB)</b>	An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life "used up" of the current repair or replacement cost. This number is calculated for each component, and then summed for an association total.
	FFB = Current Cost X Effective Age/Useful Life
	Example: For a component with a \$10,000 current replacement cost, a 10-year useful life and effective age of 4 years the fully funded balance would be \$4,000.
<b>FUND STATUS</b>	The status of the reserve fund reported in terms of cash or percent funded.
<b>FUNDING GOALS</b>	Independent of methodology used, the following represent the basic categories of funding plan goals. They are presented in order of greatest risk to least risk. Risk includes, but is not limited to, cash problems, special assessments, and deferred maintenance. <ul style="list-style-type: none"> <li>• <b>Baseline Funding:</b> Establishing a reserve funding goal of allowing the reserve cash balance to never be below zero during the cash flow projection. This is the funding goal with the greatest risk due to the variabilities encountered in the timing of component replacements and repair and replacement costs.</li> <li>• <b>Threshold Funding:</b> Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold selected, this funding goal may be weaker or stronger than "Fully Funded" with respective higher risk or less risk of cash problems.</li> <li>• <b>Full Funding:</b> Setting a reserve funding goal to attain and maintain reserves at or near 100 percent funded. This is the most conservative funding goal.</li> </ul> It should be noted that in certain jurisdictions there may be statutory funding requirements that would dictate the minimum requirements for funding.
<b>FUNDING PLAN</b>	An association's plan to provide income to a reserve fund to offset anticipated expenditures from that fund. The plan must be a minimum of twenty (20) years.

<b>FUNDING PRINCIPLES</b>	The reserve study must provide a funding plan addressing these principles:
	<ul style="list-style-type: none"> <li>• Sufficient funds when required.</li> <li>• Stable contribution rate over the years.</li> <li>• Equitable contribution rate over the years.</li> <li>• Fiscally responsible.</li> </ul>
<b>GSF</b>	Gross square feet.
<b>GSY</b>	Gross square yards.
<b>LIFE &amp; VALUATION ESTIMATES</b>	The task of estimating useful life, remaining useful life, and current repair or replacement costs for the reserve components.
<b>LF</b>	Lineal feet.
<b>PERCENT FUNDED</b>	The ratio, at a particular point in time related to the fiscal year end, of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage. While percent funded is an indicator of an association's reserve fund size, it should be viewed in the context of how it is changing due to the association's reserve funding plan in light of the association's risk tolerance.
<b>PHYSICAL ANALYSIS</b>	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.
<b>REMAINING USEFUL LIFE (RUL)</b>	Also referred to as "remaining life" (RL). The estimated time, in years, that a reserve component can be expected to serve its intended function. Projects expected to occur in the initial year have zero remaining useful life.
<b>REPLACEMENT COST</b>	The cost to replace, repair, or restore the component to its original functional condition during that particular year, including all related expenses (including but not limited to shipping, engineering and design, permits, installation, disposal, etc.).
<b>RESERVE BALANCE</b>	Actual or projected funds, as of a particular point in time that the association has identified, to defray the future repair or replacement cost of those major components that the association is obligated to maintain or replace. Also known as reserves, reserve accounts, cash reserves. Based on information provided and not audited.
<b>RESERVE PROVIDER</b>	An individual who prepares reserve studies. In many instances the reserve provider will possess a specialized designation such as the Reserve Specialist (RS) designation provided by Community Associations Institute (CAI). This designation indicates that the provider has shown the necessary skills to perform a reserve study that conforms to these standards.
<b>RESERVE STUDY</b>	A budget planning tool which identifies the components that the association is responsible to maintain or replace, 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**

A temporary assessment levied on the members of an association in addition to regular assessments. Note that special assessments are often regulated by governing documents or local statutes.

**USEFUL LIFE (UL)**

The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

# Sample

## **Disclosures**

The report was prepared by, or with the oversight of, Karen McDonald, CMCA, AMS, PCAM, RS, Reserve Study Specialist (RS) # 355 through Community Associations Institute.

As of the date of this report, there are no known conflicts of interest involving Accurate Reserve Professionals, LLC and the client for which this report was prepared.

Any site visit work performed in the process of preparing this report was done through a limited visual review and included a sampling of the organization's common areas. No destructive testing or structural evaluation was performed. Unless otherwise noted, and in addition to any information provided directly by client, the component list and quantities for Level IV Preliminary Community Not Yet Constructed reports are developed using plans and drawings. Level I Full report component lists are developed using field measurements, other technology available (satellite imagery, etc.) and data provided by client. All quantities are approximate and may not be exact.

If this report is an update of a prior reserve study, it is reliant on the validity of the prior study(s) and Accurate Reserve Professionals, LLC cannot guarantee the accuracy of this report.

All known reserve components are included within this report. Any components which are unfunded are notated within the inventory appendix. There are no known material issues excluded from this report which would affect the data provided.

Any information provided by client regarding financial, physical, quantity, or historical issues is deemed reliable by Accurate Reserve Professionals, LLC and is assembled within this report for the association's use. This information is not validated by Accurate Reserve Professionals, LLC and this report is not for the purpose of performing an audit, quality/forensics analysis or a background check of the client's historical records.

The actual or projected starting balance within this Reserve Study is based upon information provided by client and was not audited or verified in any way.

For Level II With-Site-Visit and Level III No-Site-Visit reports, the client is considered to have deemed the previously developed component quantities as accurate and reliable. This data is not audited or verified in any way for these reports.

Information provided about current and prior reserve projects will be considered reliable. Any site inspection is not considered a project audit or quality inspection for these projects.

Reserve studies are for budgetary purposes only and are based on limited information. Accurate Reserve Professionals, LLC does not guarantee the accuracy of the information and client may not be able to fully rely on the final figures in the report, due to a variety of factors outside of Accurate Reserve Professionals, LLC's control, including but not limited to reliance on information provided by client, hidden damages, latent defects, economical factors, environmental factors, deferred maintenance, third party information, and other such factors.

## **Washington State Client Disclosures**

This reserve study report meets the requirements of RCW 64.34.382, 64.38.070 and 64.90.550.

### **Washington State Client Disclosure for Clients Under RCW 64.34.682 and 64.38.070**

"This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component."

### **Washington State Client Disclosure for Clients Under RCW 64.90.550**

"This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement."

# Sample