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Level I – FULL Reserve Study Report

For Fiscal Year Beginning January 1, 2024

Sample HOA

Your Town, WA

January 18, 2024

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CAI-RS
355
DESIGNATION
RESERVE SPECIALIST

Reserve Study Summary for Sample HOA

50 Units
For Fiscal Year Beginning January 1, 2024

Overview	
Starting Reserve Balance	$115,000
Fully Funded Balance	$130,596
Percent Funded	88%
Reserve Fund Strength (Weak, Fair or Strong)	Strong
Total Surplus or (Deficit) of Reserve Funding	$(15,596)
Surplus or (Deficit) on a Per Unit Average Basis***	$(312)
Current Reserve Contribution Based on Last Approved Budget	
Current Reserve Contribution Rate, Annually	$16,800
Current Special Assessment For Reserves, Annually	n/a
Is the Current Contribution Rate Within Range Provided by Study Below?	Yes
Reserve Study Funding Plan Options Beginning January 1, 2024	
100% Full Funding Contribution Rate, Annually	$19,650
70% Threshold Funding Contribution Rate, Annually	$17,900
Baseline Funding Contribution Rate, Annually	$16,075
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, 2023. 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 or around 2008.

Recommended Funding Plan

We recommend that the association budget for annual reserve contributions of $17,900 to $19,650 per year in 2024.

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
Grounds					
1000	Concrete - Repair	5		4	$3,200
1005	Asphalt - Repair & Sealcoat	5		0	$22,000
1015	Asphalt - Overlay	40	1	25	$165,000
1035	Asphalt Path - Repair & Seal	5		0	$9,000
1040	Asphalt Path - Overlay	40	3	35	$67,500
1065	Mailboxes - Replace	25		9	$12,000
1070	Wood Fence - Replace	20		4	$12,455
1075	Wood Fence - Repair & Stain	5		4	$2,820
1135	Landscape - Refurbish	3		0	$2,500
1145	Trees - Trim/Remove	3		1	$1,500
1155	Irrigation System - Repair	5		4	$1,500
1160	Drainage System - Maintain	Unfunded			
1175	Pole Lights - Replace	Unfunded			
Professional					
6010	Reserve Study - Annual Update	Unfunded			

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 three-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. It cannot be an item that an owner or other party is responsible for. Next, the item must be "predictable" in that it has a predictable useful life (i.e. we need to be able to determine how long, on average, the item will last), and a 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 three-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 installing a swimming pool when one was not previously present. Repurposing 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.

Preventive Maintenance Manual

Preventive maintenance is a critical aspect of properly maintaining association assets and achieving their longest useful life. National Reserve Study Standards (NRSS) recommends that a preventive maintenance manual be prepared by each community and updated regularly. Preparation of such manual is beyond the scope of standard reserve study services and should be prepared independently by the association. Additional resources are available within Community Associations Institute's Best Practices: Community Association Maintenance at www.condosafety.com. The preventive maintenance manual should incorporate maintenance of all common elements, not just those included within the reserve study. Some preventive maintenance projects, such as asphalt sealcoating for example, may be funded within the association's reserve study. Other projects, such as gutter cleaning, are most commonly funded through the annual operating budget. Additional preventive maintenance projects identified by the maintenance manual may be added to the reserve study as needed provided they are significant in cost and do not occur annually, as annual expenditures are generally best handled through the annual operating budget. Any preventive maintenance contracts reported by client are notated on the appropriate components within the component detail inventory toward the rear of this report; common contracts include the maintenance of pool equipment, elevators, fire alarm/sprinkler equipment and HVAC equipment.

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.

Annual Expenditure Charts

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	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Grounds											
1000	Concrete - Repair					3,602					4,175
1005	Asphalt - Repair & Sealcoat	22,000					25,504				
1015	Asphalt - Overlay										
1035	Asphalt Path - Repair & Seal	9,000					10,433				
1040	Asphalt Path - Overlay										
1065	Mailboxes - Replace										15,657
1070	Wood Fence - Replace					14,018					
1075	Wood Fence - Repair & Stain					3,174					3,679
1135	Landscape - Refurbish	2,500			2,732			2,985			3,262
1145	Trees - Trim/Remove		1,545			1,688			1,845		
1155	Irrigation System - Repair					1,688					1,957
1160	Drainage System - Maintain	*Unfunded*									
1175	Pole Lights - Replace	*Unfunded*									
Grounds Total:		**33,500**	**1,545**		**2,732**	**24,170**	**35,937**	**2,985**	**1,845**		**28,731**
Professional											
6010	Reserve Study - Annual Update	*Unfunded*									
Year Total:		**33,500**	**1,545**		**2,732**	**24,170**	**35,937**	**2,985**	**1,845**		**28,731**

Sample HOA

Your Town, WA

Year By Year Spread Sheet

ID	Description	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Grounds											
1000	Concrete - Repair					4,840					5,611
1005	Asphalt - Repair & Sealcoat	29,566					34,275				
1015	Asphalt - Overlay										
1035	Asphalt Path - Repair & Seal	12,095					14,022				
1040	Asphalt Path - Overlay										
1065	Mailboxes - Replace										
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	2,016			2,203			2,407			2,630
1155	Irrigation System - Repair					2,269					2,630
1160	Drainage System - Maintain	*Unfunded*									
1175	Pole Lights - Replace	*Unfunded*									
Grounds Total:		**43,677**		**3,564**	**2,203**	**11,375**	**52,192**	**2,407**		**4,256**	**15,817**
Professional											
6010	Reserve Study - Annual Update	*Unfunded*									
Year Total:		**43,677**		**3,564**	**2,203**	**11,375**	**52,192**	**2,407**		**4,256**	**15,817**

Sample HOA

Your Town, WA

Year By Year Spread Sheet

ID	Description	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Grounds											
1000	Concrete - Repair					6,505					7,541
1005	Asphalt - Repair & Sealcoat	39,734					46,063				
1015	Asphalt - Overlay						345,473				
1035	Asphalt Path - Repair & Seal	16,255					18,844				
1040	Asphalt Path - Overlay										
1065	Mailboxes - Replace										
1070	Wood Fence - Replace					25,318					
1075	Wood Fence - Repair & Stain					5,732					6,646
1135	Landscape - Refurbish		4,651			5,082			5,553		
1145	Trees - Trim/Remove			2,874			3,141			3,432	
1155	Irrigation System - Repair					3,049					3,535
1160	Drainage System - Maintain	*Unfunded*									
1175	Pole Lights - Replace	*Unfunded*									
Grounds Total:		**55,989**	**4,651**	**2,874**		**45,687**	**413,521**		**5,553**	**3,432**	**17,721**
Professional											
6010	Reserve Study - Annual Update	*Unfunded*									
Year Total:		**55,989**	**4,651**	**2,874**		**45,687**	**413,521**		**5,553**	**3,432**	**17,721**

Sample HOA
Your Town, WA
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2024	
Landscape - Refurbish	2,500
Asphalt - Repair & Sealcoat	22,000
Asphalt Path - Repair & Seal	9,000
Total for 2024	**$33,500**
Replacement Year 2025	
Trees - Trim/Remove	1,545
Total for 2025	**$1,545**
No Replacement in 2026	
Replacement Year 2027	
Landscape - Refurbish	2,732
Total for 2027	**$2,732**
Replacement Year 2028	
Trees - Trim/Remove	1,688
Concrete - Repair	3,602
Irrigation System - Repair	1,688
Wood Fence - Repair & Stain	3,174
Wood Fence - Replace	14,018
Total for 2028	**$24,170**
Replacement Year 2029	
Asphalt - Repair & Sealcoat	25,504
Asphalt Path - Repair & Seal	10,433
Total for 2029	**$35,937**
Replacement Year 2030	
Landscape - Refurbish	2,985
Total for 2030	**$2,985**
Replacement Year 2031	
Trees - Trim/Remove	1,845
Total for 2031	**$1,845**

Sample HOA
Your Town, WA
Annual Expenditure Detail

Description	Expenditures
No Replacement in 2032	
Replacement Year 2033	
Landscape - Refurbish	3,262
Concrete - Repair	4,175
Irrigation System - Repair	1,957
Wood Fence - Repair & Stain	3,679
Mailboxes - Replace	15,657
Total for 2033	**$28,731**
Replacement Year 2034	
Trees - Trim/Remove	2,016
Asphalt - Repair & Sealcoat	29,566
Asphalt Path - Repair & Seal	12,095
Total for 2034	**$43,677**
No Replacement in 2035	
Replacement Year 2036	
Landscape - Refurbish	3,564
Total for 2036	**$3,564**
Replacement Year 2037	
Trees - Trim/Remove	2,203
Total for 2037	**$2,203**
Replacement Year 2038	
Concrete - Repair	4,840
Irrigation System - Repair	2,269
Wood Fence - Repair & Stain	4,266
Total for 2038	**$11,375**
Replacement Year 2039	
Landscape - Refurbish	3,895
Asphalt - Repair & Sealcoat	34,275

Sample HOA
Your Town, WA
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2039 continued...	
Asphalt Path - Repair & Seal	14,022
Total for 2039	**$52,192**
Replacement Year 2040	
Trees - Trim/Remove	2,407
Total for 2040	**$2,407**
No Replacement in 2041	
Replacement Year 2042	
Landscape - Refurbish	4,256
Total for 2042	**$4,256**
Replacement Year 2043	
Trees - Trim/Remove	2,630
Concrete - Repair	5,611
Irrigation System - Repair	2,630
Wood Fence - Repair & Stain	4,945
Total for 2043	**$15,817**
Replacement Year 2044	
Asphalt - Repair & Sealcoat	39,734
Asphalt Path - Repair & Seal	16,255
Total for 2044	**$55,989**
Replacement Year 2045	
Landscape - Refurbish	4,651
Total for 2045	**$4,651**
Replacement Year 2046	
Trees - Trim/Remove	2,874
Total for 2046	**$2,874**
No Replacement in 2047	

Sample HOA
Your Town, WA
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2048	
Landscape - Refurbish	5,082
Concrete - Repair	6,505
Irrigation System - Repair	3,049
Wood Fence - Repair & Stain	5,732
Wood Fence - Replace	25,318
Total for 2048	**$45,687**
Replacement Year 2049	
Trees - Trim/Remove	3,141
Asphalt - Repair & Sealcoat	46,063
Asphalt Path - Repair & Seal	18,844
Asphalt - Overlay	345,473
Total for 2049	**$413,521**
No Replacement in 2050	
Replacement Year 2051	
Landscape - Refurbish	5,553
Total for 2051	**$5,553**
Replacement Year 2052	
Trees - Trim/Remove	3,432
Total for 2052	**$3,432**
Replacement Year 2053	
Concrete - Repair	7,541
Irrigation System - Repair	3,535
Wood Fence - Repair & Stain	6,646
Total for 2053	**$17,721**

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	$165,000	$4,125
1035	Asphalt Path - Repair & Seal	5	$9,000	$1,800
1040	Asphalt Path - Overlay	40	$67,500	$1,688
1065	Mailboxes - Replace	25	$12,000	$480
1070	Wood Fence - Replace	20	$12,455	$623
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		
6010	Reserve Study - Annual Update	Unfunded		
Total Annual Deterioration of Association Assets				$15,953

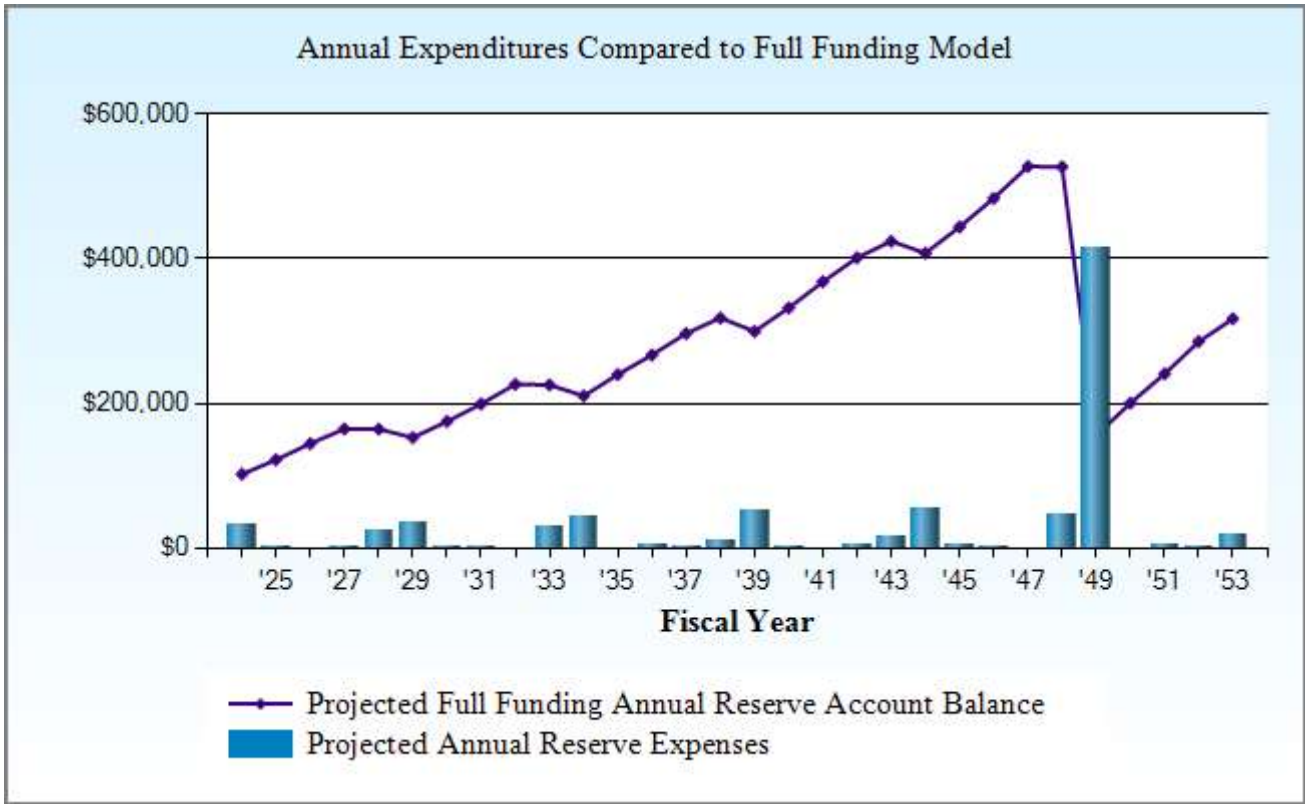
Full Funding Model

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
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
2024	299,475	19,650	1,011	33,500	102,161	116,216	88%
2025	308,459	20,239	1,209	1,545	122,065	134,803	91%
2026	317,713	20,847	1,429		144,340	156,040	93%
2027	327,244	21,472	1,631	2,732	164,711	175,617	94%
2028	337,062	22,116	1,627	24,170	164,284	174,230	94%
2029	347,174	22,780	1,511	35,937	152,637	161,229	95%
2030	357,589	23,463	1,731	2,985	174,847	182,342	96%
2031	368,316	24,167	1,972	1,845	199,141	205,844	97%
2032	379,366	24,892	2,240		226,273	232,549	97%
2033	390,747	25,639	2,232	28,731	225,412	231,078	98%
2034	402,469	26,408	2,081	43,677	210,224	214,803	98%
2035	414,543	27,200	2,374		239,799	243,680	98%
2036	426,980	28,016	2,643	3,564	266,893	270,425	99%
2037	439,789	28,857	2,935	2,203	296,483	300,069	99%
2038	452,983	29,722	3,148	11,375	317,979	321,868	99%
2039	466,572	30,614	2,964	52,192	299,365	303,015	99%
2040	480,569	31,532	3,285	2,407	331,775	335,633	99%
2041	494,987	32,478	3,643		367,896	372,488	99%
2042	509,836	33,453	3,971	4,256	401,064	406,869	99%
2043	525,131	34,456	4,197	15,817	423,901	431,202	98%
2044	540,885	35,490	4,034	55,989	407,435	415,739	98%
2045	557,112	36,555	4,393	4,651	443,733	453,570	98%
2046	573,825	37,651	4,785	2,874	483,295	495,269	98%
2047	591,040	38,781	5,221		527,297	542,112	97%
2048	608,771	39,944	5,216	45,687	526,770	544,262	97%
2049	627,034	41,143	1,544	413,521	155,935	168,812	92%
2050	645,845	42,377	1,983		200,295	209,050	96%
2051	665,221	43,648	2,384	5,553	240,774	245,831	98%
2052	685,177	44,958	2,823	3,432	285,123	286,987	99%
2053	705,732	46,307	3,137	17,721	316,845	315,779	100%



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

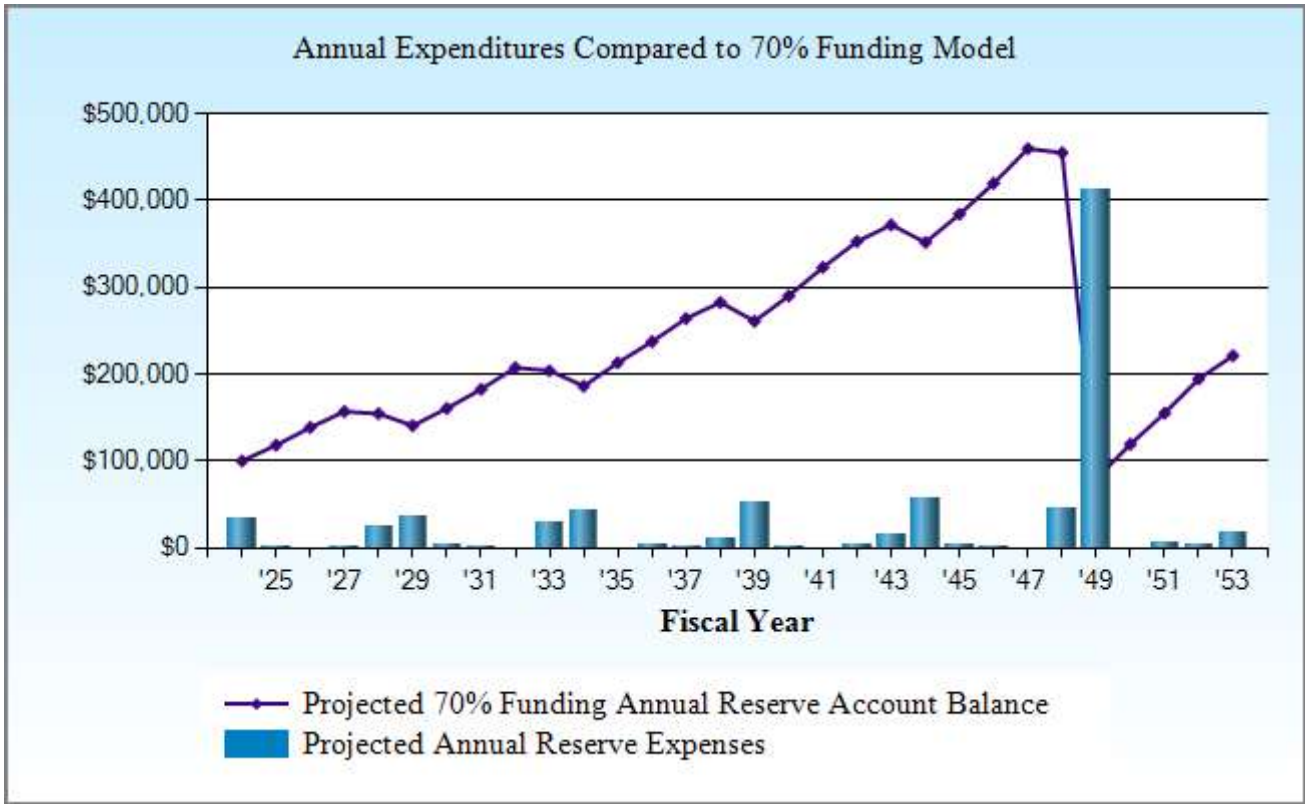
70% Threshold Funding Model

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.

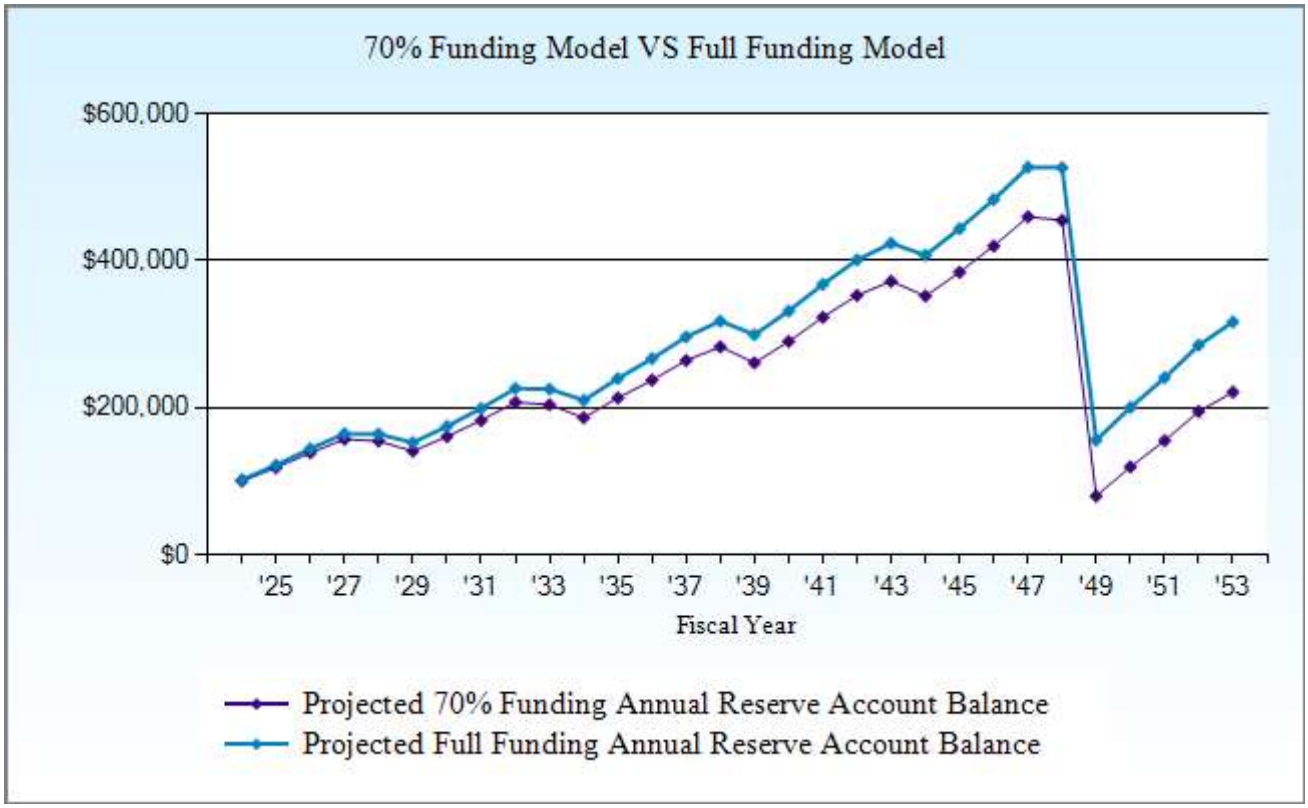
Sample HOA
70% Threshold Funding Model Projection

Beginning Balance: $115,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2024	299,475	17,900	994	33,500	100,394	116,216	86%
2025	308,459	18,437	1,173	1,545	118,459	134,803	88%
2026	317,713	18,990	1,374		138,823	156,040	89%
2027	327,244	19,560	1,557	2,732	157,208	175,617	90%
2028	337,062	20,147	1,532	24,170	154,716	174,230	89%
2029	347,174	20,751	1,395	35,937	140,925	161,229	87%
2030	357,589	21,374	1,593	2,985	160,906	182,342	88%
2031	368,316	22,015	1,811	1,845	182,887	205,844	89%
2032	379,366	22,675	2,056		207,618	232,549	89%
2033	390,747	23,355	2,022	28,731	204,265	231,078	88%
2034	402,469	24,056	1,846	43,677	186,490	214,803	87%
2035	414,543	24,778	2,113		213,380	243,680	88%
2036	426,980	25,521	2,353	3,564	237,691	270,425	88%
2037	439,789	26,287	2,618	2,203	264,392	300,069	88%
2038	452,983	27,075	2,801	11,375	282,894	321,868	88%
2039	466,572	27,888	2,586	52,192	261,175	303,015	86%
2040	480,569	28,724	2,875	2,407	290,368	335,633	87%
2041	494,987	29,586	3,200		323,153	372,488	87%
2042	509,836	30,474	3,494	4,256	352,864	406,869	87%
2043	525,131	31,388	3,684	15,817	372,120	431,202	86%
2044	540,885	32,329	3,485	55,989	351,944	415,739	85%
2045	557,112	33,299	3,806	4,651	384,399	453,570	85%
2046	573,825	34,298	4,158	2,874	419,981	495,269	85%
2047	591,040	35,327	4,553		459,861	542,112	85%
2048	608,771	36,387	4,506	45,687	455,067	544,262	84%
2049	627,034	37,479	790	413,521	79,815	168,812	47%
2050	645,845	38,603	1,184		119,602	209,050	57%
2051	665,221	39,761	1,538	5,553	155,348	245,831	63%
2052	685,177	40,954	1,929	3,432	194,798	286,987	68%
2053	705,732	42,183	2,193	17,721	221,452	315,779	70%



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



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

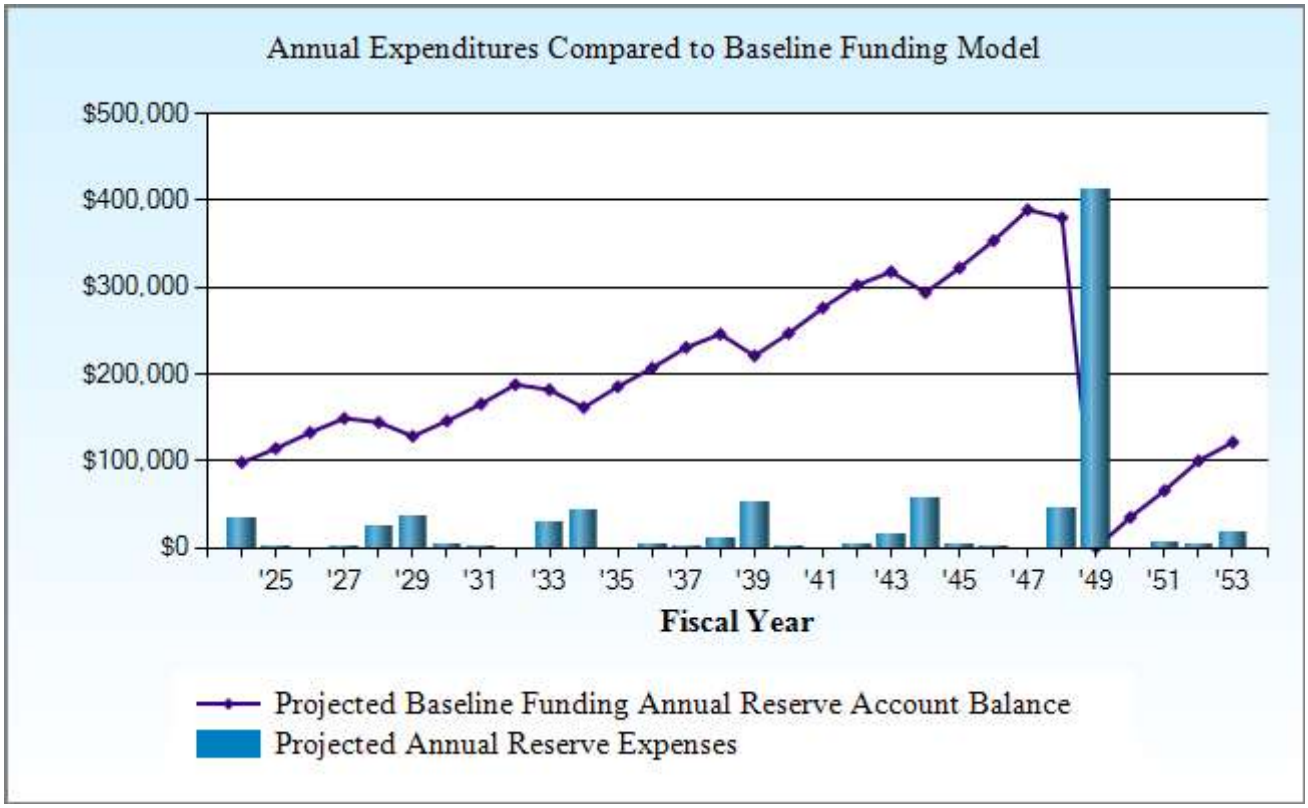
Baseline Funding Model

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.

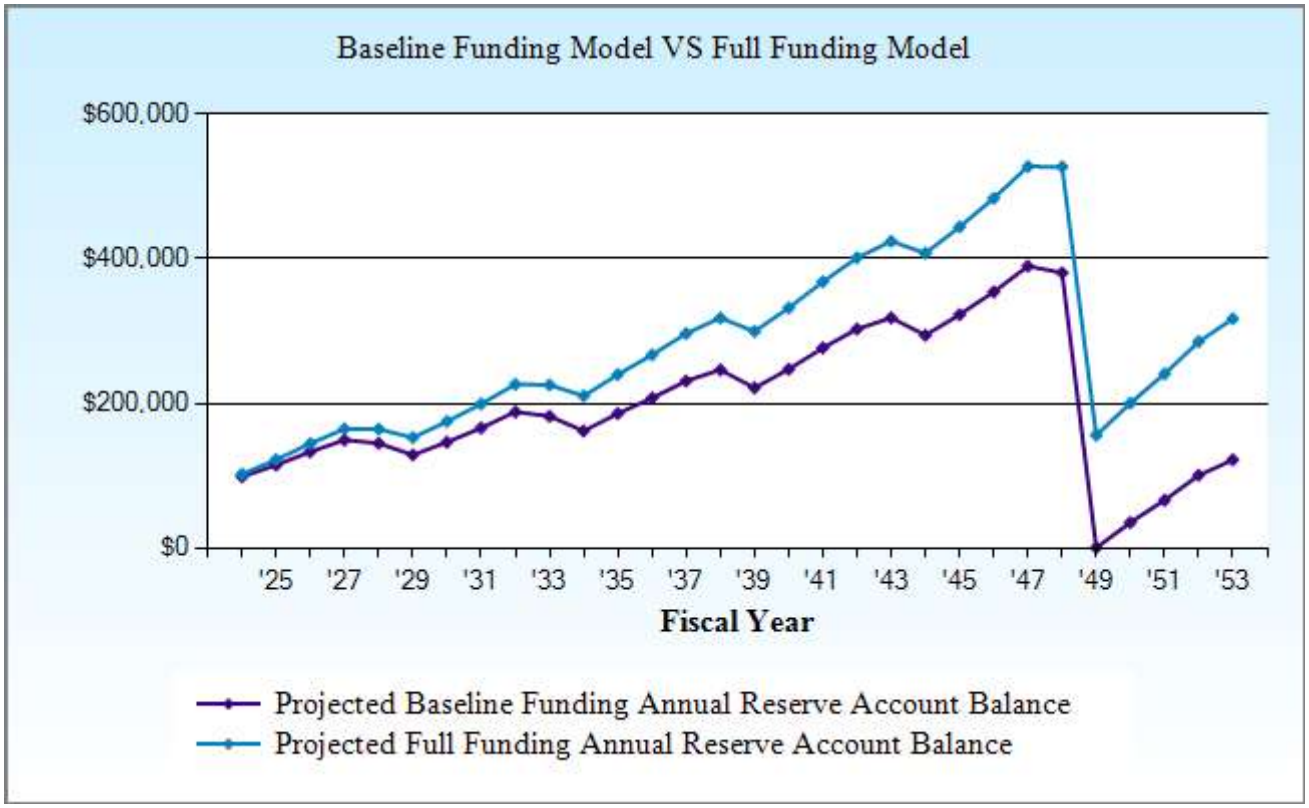
Sample HOA
Baseline Funding Model Projection

Beginning Balance: $115,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2024	299,475	16,075	976	33,500	98,551	116,216	85%
2025	308,459	16,557	1,136	1,545	114,699	134,803	85%
2026	317,713	17,054	1,318		133,070	156,040	85%
2027	327,244	17,566	1,479	2,732	149,383	175,617	85%
2028	337,062	18,093	1,433	24,170	144,738	174,230	83%
2029	347,174	18,635	1,274	35,937	128,710	161,229	80%
2030	357,589	19,194	1,449	2,985	146,369	182,342	80%
2031	368,316	19,770	1,643	1,845	165,937	205,844	81%
2032	379,366	20,363	1,863		188,164	232,549	81%
2033	390,747	20,974	1,804	28,731	182,211	231,078	79%
2034	402,469	21,603	1,601	43,677	161,738	214,803	75%
2035	414,543	22,252	1,840		185,830	243,680	76%
2036	426,980	22,919	2,052	3,564	207,236	270,425	77%
2037	439,789	23,607	2,286	2,203	230,927	300,069	77%
2038	452,983	24,315	2,439	11,375	246,305	321,868	77%
2039	466,572	25,044	2,192	52,192	221,349	303,015	73%
2040	480,569	25,796	2,447	2,407	247,185	335,633	74%
2041	494,987	26,570	2,738		276,493	372,488	74%
2042	509,836	27,367	2,996	4,256	302,599	406,869	74%
2043	525,131	28,188	3,150	15,817	318,120	431,202	74%
2044	540,885	29,033	2,912	55,989	294,075	415,739	71%
2045	557,112	29,904	3,193	4,651	322,522	453,570	71%
2046	573,825	30,801	3,504	2,874	353,954	495,269	71%
2047	591,040	31,725	3,857		389,536	542,112	72%
2048	608,771	32,677	3,765	45,687	380,291	544,262	70%
2049	627,034	33,657	4	413,521	432	168,812	0%
2050	645,845	34,667	351		35,450	209,050	17%
2051	665,221	35,707	656	5,553	66,260	245,831	27%
2052	685,177	36,778	996	3,432	100,603	286,987	35%
2053	705,732	37,882	1,208	17,721	121,971	315,779	39%



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


Baseline Funding Model VS Full Funding Model
$600,000
$400,000
$200,000
$0
'25
'27
'29
'31
'33
'35
'37
'39
'41
'43
'45
'47
'49
'51
'53
Fiscal Year
Projected Baseline Funding Annual Reserve Account Balance
Projected Full Funding Annual Reserve Account Balance

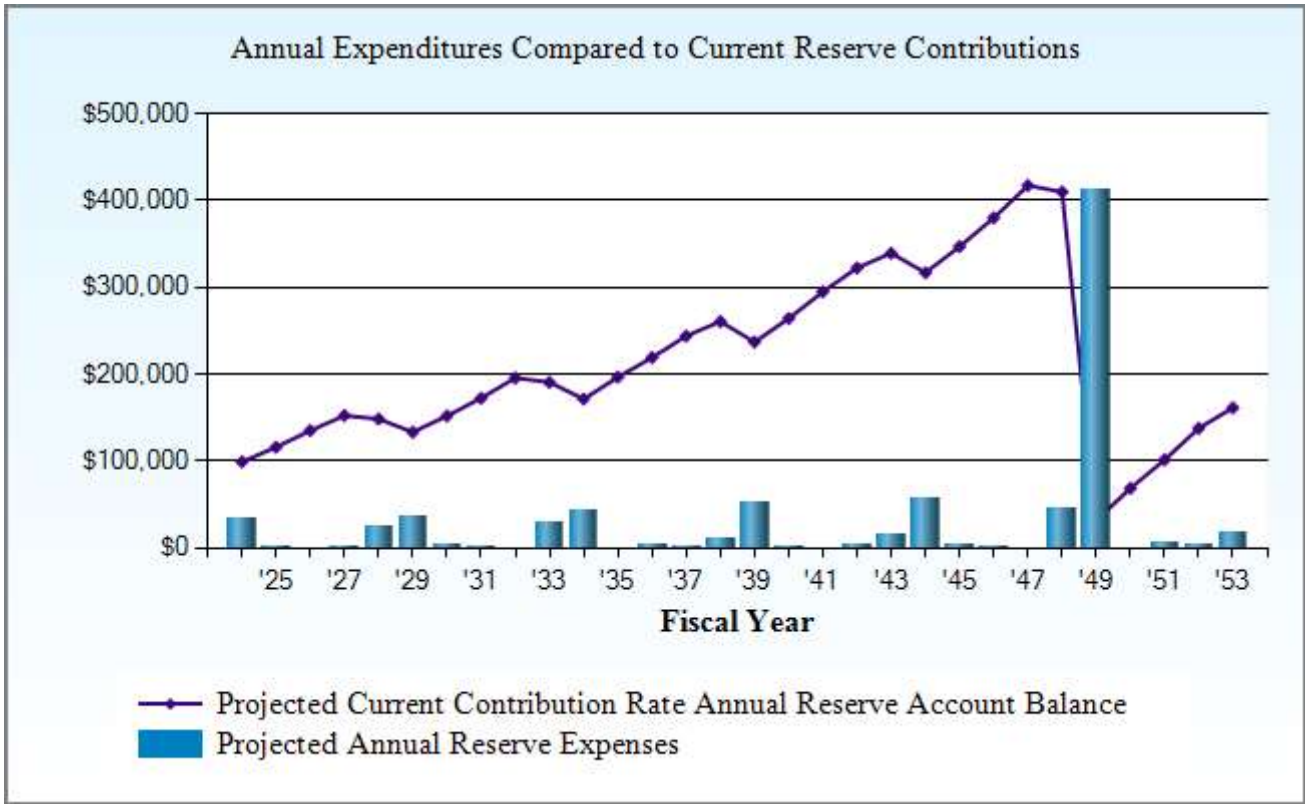
Current Funding Model

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.

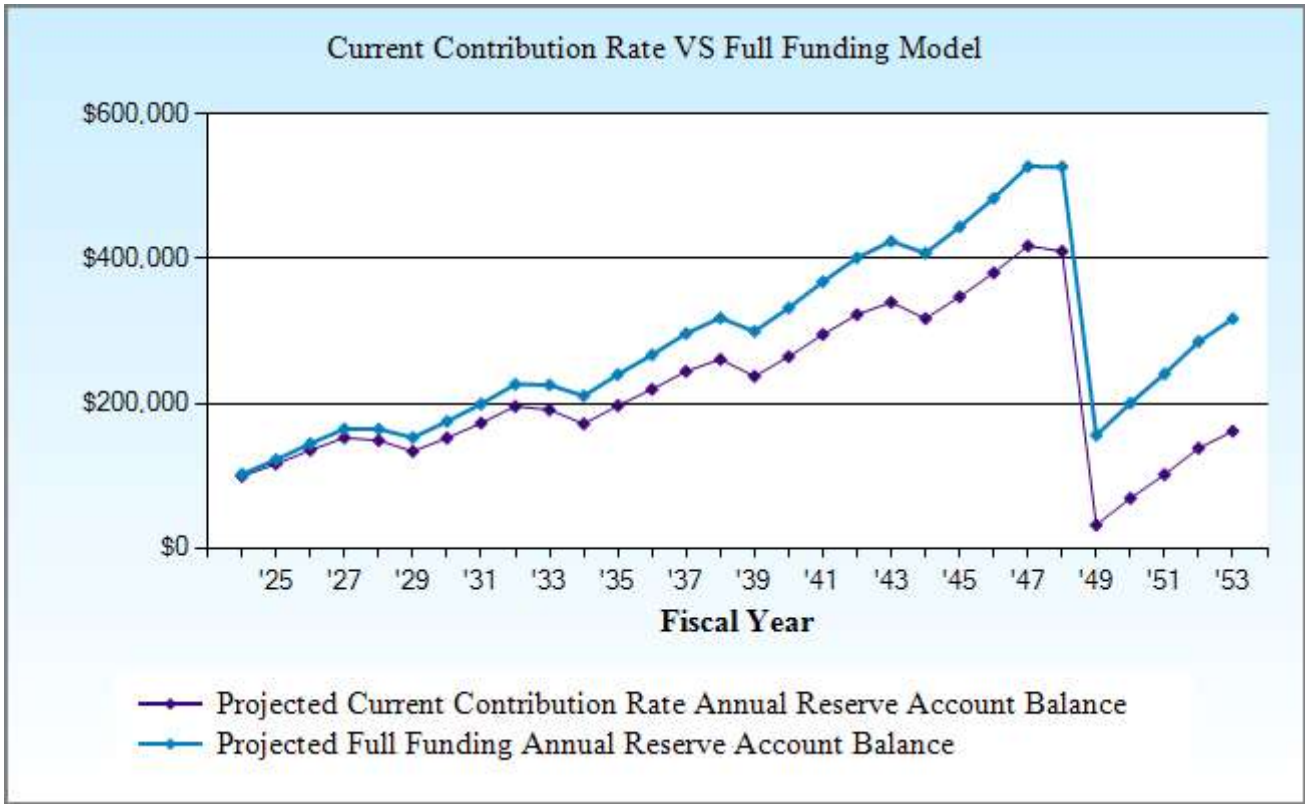
Sample HOA
Current Funding Model Projection

Beginning Balance: $115,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2024	299,475	16,800	983	33,500	99,283	116,216	85%
2025	308,459	17,304	1,150	1,545	116,192	134,803	86%
2026	317,713	17,823	1,340		135,356	156,040	87%
2027	327,244	18,358	1,510	2,732	152,492	175,617	87%
2028	337,062	18,909	1,472	24,170	148,702	174,230	85%
2029	347,174	19,476	1,322	35,937	133,563	161,229	83%
2030	357,589	20,060	1,506	2,985	152,144	182,342	83%
2031	368,316	20,662	1,710	1,845	172,671	205,844	84%
2032	379,366	21,282	1,940		195,892	232,549	84%
2033	390,747	21,920	1,891	28,731	190,972	231,078	83%
2034	402,469	22,578	1,699	43,677	171,571	214,803	80%
2035	414,543	23,255	1,948		196,775	243,680	81%
2036	426,980	23,953	2,172	3,564	219,335	270,425	81%
2037	439,789	24,671	2,418	2,203	244,221	300,069	81%
2038	452,983	25,412	2,583	11,375	260,841	321,868	81%
2039	466,572	26,174	2,348	52,192	237,171	303,015	78%
2040	480,569	26,959	2,617	2,407	264,340	335,633	79%
2041	494,987	27,768	2,921		295,029	372,488	79%
2042	509,836	28,601	3,194	4,256	322,567	406,869	79%
2043	525,131	29,459	3,362	15,817	339,572	431,202	79%
2044	540,885	30,343	3,139	55,989	317,064	415,739	76%
2045	557,112	31,253	3,437	4,651	347,103	453,570	77%
2046	573,825	32,191	3,764	2,874	380,184	495,269	77%
2047	591,040	33,156	4,133		417,473	542,112	77%
2048	608,771	34,151	4,059	45,687	409,997	544,262	75%
2049	627,034	35,175	317	413,521	31,968	168,812	19%
2050	645,845	36,231	682		68,880	209,050	33%
2051	665,221	37,318	1,006	5,553	101,651	245,831	41%
2052	685,177	38,437	1,367	3,432	138,023	286,987	48%
2053	705,732	39,590	1,599	17,721	161,491	315,779	51%



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

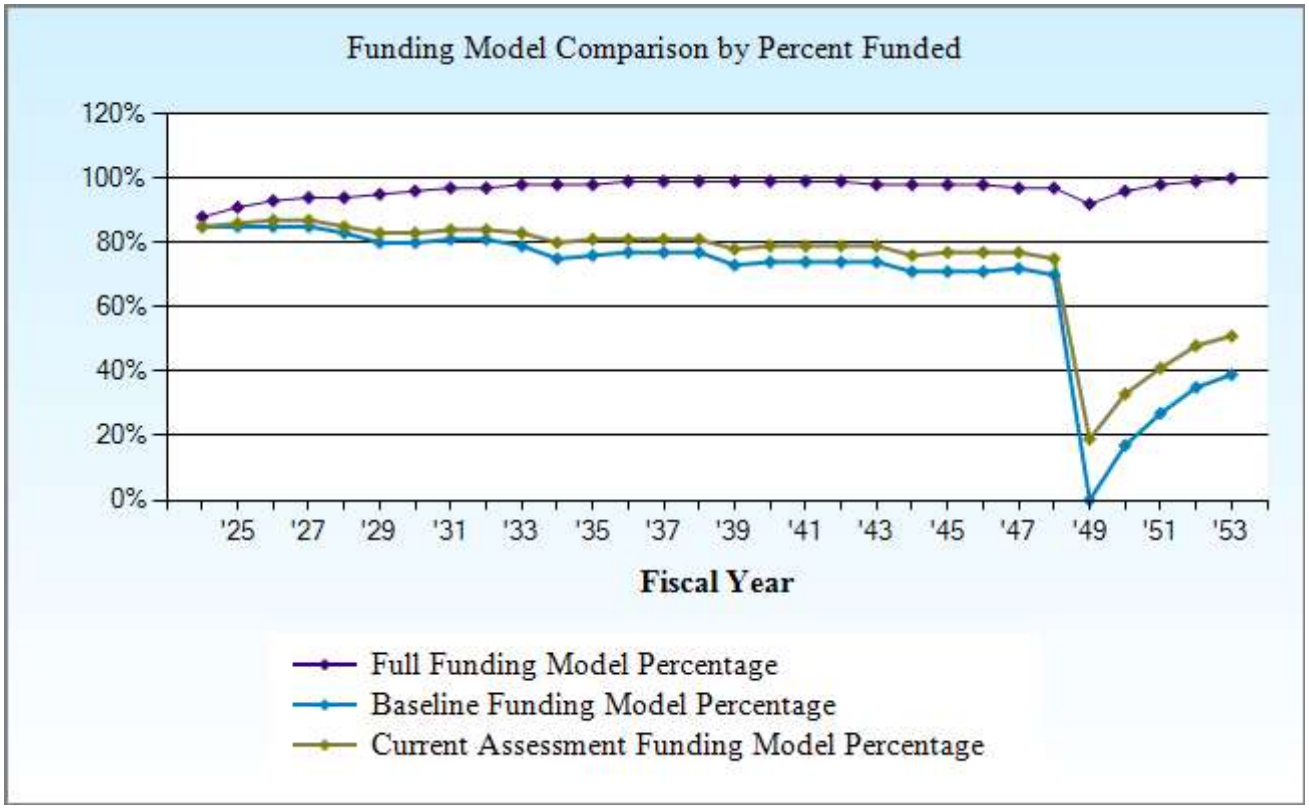


This chart compares the projected annual reserve account balances between the association's current contribution rate and the Full Funding model.

Comparison Charts

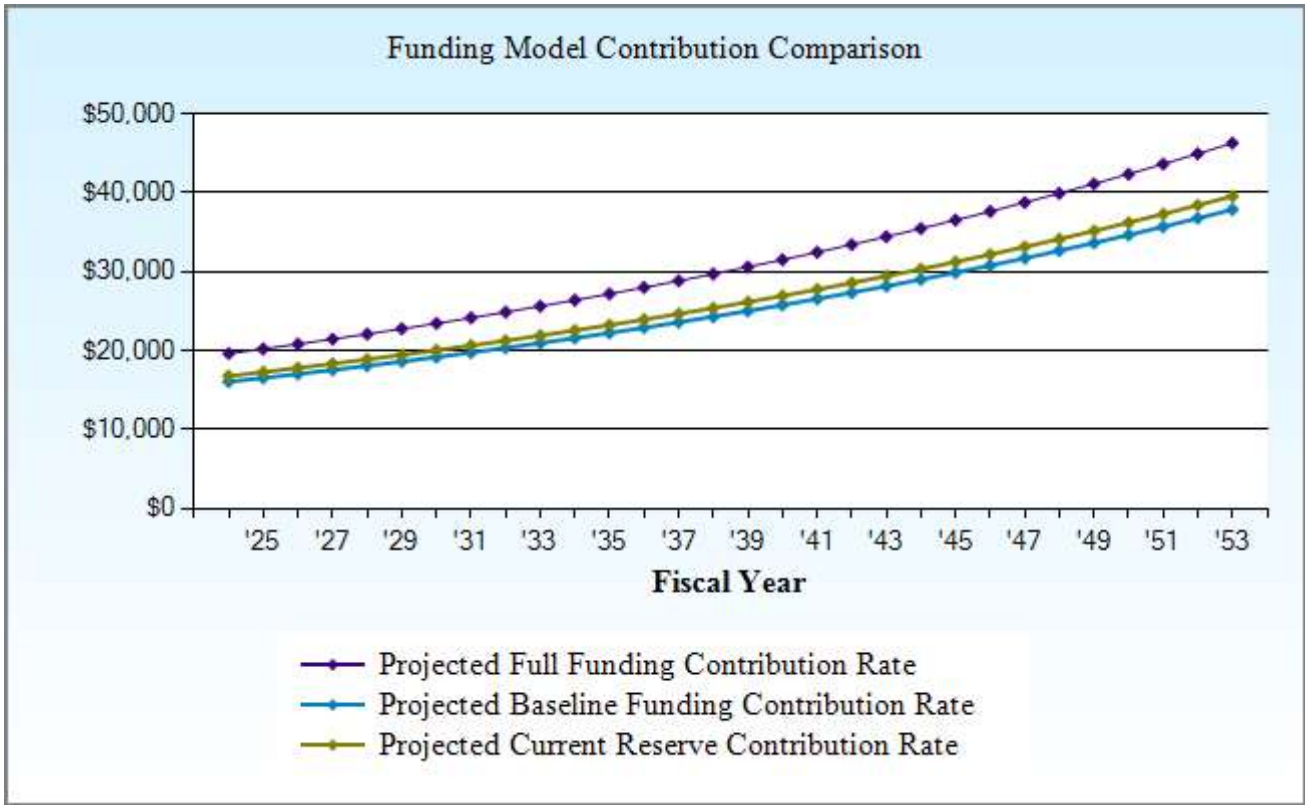
The charts within this section represent a visual comparison of the funding models included within this report. Each chart features a descriptive title indicating the data which is being compared and are extremely helpful for the association in comparing its current funding plan to the plans included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

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	2028	35
1005	Asphalt - Repair & Sealcoat	2024	36
1015	Asphalt - Overlay	2049	37
1035	Asphalt Path - Repair & Seal	2024	38
1040	Asphalt Path - Overlay	2059	39
1065	Mailboxes - Replace	2033	40
1070	Wood Fence - Replace	2028	41
1075	Wood Fence - Repair & Stain	2028	42
1135	Landscape - Refurbish	2024	43
1145	Trees - Trim/Remove	2025	44
1155	Irrigation System - Repair	2028	45
1160	Drainage System - Maintain	2024	46
1175	Pole Lights - Replace	2024	47
6010	Reserve Study - Annual Update	2024	48

Total Funded Assets	11
Total Unfunded Assets	3
Total Assets	14

Concrete - Repair - 2028

		1 Allowance	@ $3,200.00
Asset ID	1000	Asset Actual Cost	$3,200.00
		Percent Replacement	100%
Category	Grounds	Future Cost	$3,601.63
Placed in Service	January 2023		
Useful Life	5		
Replacement Year	2028		
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 2023 $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.

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 ¼" 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

Asphalt - Repair & Sealcoat - 2024

		55,000 GSF	@ $0.40
Asset ID	1005	Asset Actual Cost	$22,000.00
		Percent Replacement	100%
Category	Grounds	Future Cost	$22,000.00
Placed in Service	January 2016		
Useful Life	5		
Replacement Year	2024		
Remaining Life	0		

Cost Range: The cost range within this component could deviate by 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, if applicable.

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

Asphalt - Overlay - 2049

		55,000 GSF	@ $3.00
Asset ID	1015	Asset Actual Cost	$165,000.00
		Percent Replacement	100%
Category	Grounds	Future Cost	$345,473.36
Placed in Service	January 2008		
Useful Life	40		
Adjustment	1		
Replacement Year	2049		
Remaining Life	25		

Cost Range: The cost range within this component could deviate by 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.

Asphalt Path - Repair & Seal - 2024

		15,000 GSF	@ $0.60
Asset ID	1035	Asset Actual Cost	$9,000.00
		Percent Replacement	100%
Category	Grounds	Future Cost	$9,000.00
Placed in Service	January 2016		
Useful Life	5		
Replacement Year	2024		
Remaining Life	0		

Cost Range: The cost range within this component could deviate by 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.

Inspect and clean periodically to remove stains and organic debris through the annual operating budget, and repair any trip hazards (defined as ¼" or more of vertical change at any joint or crack by the 1990 Americans with Disabilities Act) immediately.

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

Asphalt Path - Overlay - 2059

		15,000 GSF	@ $4.50
Asset ID	1040	Asset Actual Cost	$67,500.00
		Percent Replacement	100%
Category	Grounds	Future Cost	$189,935.71
Placed in Service	January 2016		
Useful Life	40		
Adjustment	3		
Replacement Year	2059		
Remaining Life	35		

Cost Range: The cost range within this component could deviate by 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 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.

Mailboxes - Replace - 2033

		4 Cluster Boxes	@ $3,000.00
Asset ID	1065	Asset Actual Cost	$12,000.00
		Percent Replacement	100%
Category	Grounds	Future Cost	$15,657.28
Placed in Service	January 2008		
Useful Life	25		
Replacement Year	2033		
Remaining Life	9		

Cost Range: The cost range within this component could deviate by 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. The most common causes for premature replacement are 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.

Wood Fence - Replace - 2028

		235 LF	@ $53.00
Asset ID	1070	Asset Actual Cost	$12,455.00
		Percent Replacement	100%
Category	Grounds	Future Cost	$14,018.21
Placed in Service	January 2008		
Useful Life	20		
Replacement Year	2028		
Remaining Life	4		

Cost Range: The cost range within this component could deviate by 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 a 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

Wood Fence - Repair & Stain - 2028

		235 LF	@ $12.00
Asset ID	1075	Asset Actual Cost	$2,820.00
		Percent Replacement	100%
Category	Grounds	Future Cost	$3,173.93
Placed in Service	January 2023		
Useful Life	5		
Replacement Year	2028		
Remaining Life	4		

Cost Range: The cost range within this component could deviate by 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: Client cost history

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

Component History: Stained 2023 $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.

Landscape - Refurbish - 2024

		1 Allowance	@ $2,500.00
Asset ID	1135	Asset Actual Cost	$2,500.00
		Percent Replacement	100%
Category	Grounds	Future Cost	$2,500.00
Placed in Service	January 2021		
Useful Life	3		
Replacement Year	2024		
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 2021 $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.

Trees - Trim/Remove - 2025

		1 Allowance	@ $1,500.00
Asset ID	1145	Asset Actual Cost	$1,500.00
		Percent Replacement	100%
Category	Grounds	Future Cost	$1,545.00
Placed in Service	January 2022		
Useful Life	3		
Replacement Year	2025		
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: Client cost history

Location: Trees throughout community landscape

Component History: Tree trimming 2022 $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.

Irrigation System - Repair - 2028

		1 Allowance	@ $1,500.00
Asset ID	1155	Asset Actual Cost	$1,500.00
		Percent Replacement	100%
Category	Grounds	Future Cost	$1,688.26
Placed in Service	January 2023		
Useful Life	5		
Replacement Year	2028		
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: Accurate Reserve Professionals, LLC Database

Location: Throughout common area landscape.

Component History: Repairs 2019 $1,200, an estimated in-service date of 2023 has been used as no current repair needs reported

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 may vary widely from the allowances within this report based on scope of work. 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.

Drainage System - Maintain

		1 System	
Asset ID	1160	Asset Actual Cost	
		Percent Replacement	100%
Category	Grounds	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

Pole Lights - Replace

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

Location: Adjacent to private roadways

Component History: Original to ~ 2008 construction

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

Sample HOA
Detail Report by Category

Reserve Study - Annual Update

		1 Annual	
Asset ID	6010	Asset Actual Cost	
		Percent Replacement	100%
Category	Professional	Future Cost	
Placed in Service	January 2024		
No Useful Life			

Time for your annual update, contact us today!

Component History: 2024 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 (NRSS) published by Community Associations Institute, dated 07/2023. A link to the full National Reserve Study Standards document can be found here: National Reserve Study Standards

ADEQUATE RESERVES — A replacement reserve fund and equitable multi-year funding plan which together provide for the reliable and timely execution of major repair and replacement projects as defined within National Reserve Study Standards without reliance on additional supplemental funding.

ALLOWANCE (QUANTITY) — 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.

ALLOWANCE (COST) — 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.

CAPITAL IMPROVEMENT — 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.

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.

COMMON AREA — Areas identified within the association's governing documents that the association is obligated to maintain, repair or replace.

COMPONENT — 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. predictable in nature, and 3. 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.

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, review of association precedents, and discussion with appropriate representative(s) of the association.

COMPONENT METHOD — A method of developing a reserve funding plan where the total contribution is based on the sum of contributions for the individual components.

CONDITION ASSESSMENT — The task of evaluating the current condition of the component based on

observed or reported characteristics.

CY Cubic yards.

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 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.

FULLY FUNDED 100 percent funded. When the actual (or projected) reserve balance is equal to the fully funded balance.

FULLY FUNDED BALANCE (FFB) 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.

FUND STATUS The status of the reserve fund reported in terms of cash or percent funded.

FUNDING GOALS 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.

- **Baseline Funding:** 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.

- **Threshold Funding:** 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.

- **Full Funding:** Setting a reserve funding goal to attain and maintain reserves at or near 100 percent funded. This is the most conservative funding goal.

It should be noted that in certain jurisdictions there may be statutory funding requirements that would dictate the minimum requirements for funding.

FUNDING PLAN 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.

FUNDING PRINCIPLES The reserve study must provide a funding plan addressing these principles:

- Sufficient funds when required.
- Stable contribution rate over the years.
- Equitable contribution rate over the years.
- Fiscally responsible.

GSF Gross square feet.

GSY Gross square yards.

INITIAL YEAR The first fiscal year of the financial analysis or funding plan.

LIFE ESTIMATES The task of estimating the useful life and remaining useful life of the reserve components.

LF Lineal feet.

MAINTENACE Maintenance is the process of maintaining or preserving an item, or the state of being maintained. Maintenance is often defined in three ways, preventive maintenance, corrective maintenance and deferred maintenance.

PERCENT FUNDED 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.

PERIODIC STRUCTURAL INSPECTION Structural system inspections aimed at identifying issues when they become evident. This inspection is outside of the scope of a reserve study and is to be conducted by client independently, with the results of such inspection incorporated in the reserve study as applicable.

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 serve its intended function. Projects expected to occur in the initial year have zero remaining useful life.

REPLACEMENT COST 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.).

RESERVE BALANCE 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.

RESERVE PROVIDER 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.

RESERVE STUDY A budget planning tool which identifies the components that the association is responsible to maintain, repair 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 is conducted for budget and cash flow purposes only and tasks outside the scope of a reserve study include, but are not limited to, construction evaluation, intrusive or destructive testing, preventive maintenance plans and structural or safety evaluations.

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.

VALUATION ESTIMATES The task of estimating the current cost for the reserve components.

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, on behalf of Accurate Reserve Professionals, LLC ("ARP") and is subject to all terms, conditions, limitations and disclaimers of any contracts between client and ARP regarding this report and the services provided by ARP for client in connection with this report.

As of the date of this report, there are no known conflicts of interest involving ARP and the client for which this report was prepared. ARP has no familial or marital relationship with client, no ownership interest in client, and no ongoing business relationship with client.

Any site visit work performed in the process of preparing this report included a limited non-invasive visual walk through of areas identified by client, and reliance by ARP upon client's representations that such areas constituted a representative sampling of the organization's common areas. No destructive testing 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 an approximate estimate and may not be exact. Any site visit is not considered a site inspection, project audit or quality inspection of any areas or projects. Structural integrity evaluations are beyond the scope of a reserve study and were not performed as part of this report. ARP lacks information to incorporate necessary corrective maintenance costs and timing for structural work, if any, unless provided by client.

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

This report attempts to include all reserve components identified by client, including best efforts to note any unfunded components within the inventory appendix.

Any information provided by client regarding financial information, physical conditions, quantities, historical issues, components, designs, and current and prior reserve projects, is relied upon by ARP as accurate, true and correct, in preparing this report (the "**Provided Information**"). ARP can only be aware of preventive maintenance plans or programs that have been disclosed by the client. This report is for the client's sole use and shall not be used by or relied upon by third parties for any purpose. Use of the Provided Information by ARP is not intended to validate the accuracy of such information and this report is not an audit, quality/forensics analysis or a background check of the client's historical records, preventive maintenance plan(s) or the Provided Information.

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. To the best of ARP's knowledge and based upon the information provided to ARP by client, at the time of generating this report there are no known material issues excluded from this report which would affect the data provided.

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.

The report is for client's internal use and based on the Provided information and may not be relied upon by third parties for any reason. Visual inspections are to verify existence and appearance of assets. ARP does not

guarantee the accuracy of the information in the reports, and Client may not fully rely on the final figures in the report, due to a variety of factors outside of ARP's control and knowledge, including but not limited to reliance on information provided by Client and other third parties that may be inaccurate, incomplete, or inadequate, hidden damages, latent defects, economic factors, labor and material costs, environmental factors, deferred maintenance, 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."