

**JETTY VIEW TOWNHOMES HOMEOWNERS' ASSOCIATION**

**OPERATING BUDGET**

**MAINTENANCE PLAN**

**RESERVE STUDY**

**LEVEL IV: PRELIMINARY, COMMUNITY NOT YET CONSTRUCTED**

**BUDGET YEAR**

**January 1, 2022 to December 31, 2022**

 **SCHWINDT & Co.**  
RESERVE STUDY SERVICES  
<https://www.schwindtco.com/>  
(503) 227-1165



*Members of the Association of  
Professional Reserve Analysts  
/ Reserve Specialist designation  
from CAI*

November 17, 2021

Jetty View Townhomes Home Owners' Association  
c/o Jordan Winters  
9879 Buena Vista Road  
Independence OR 97351

Dear Jordan,

The following are annual and monthly operating, maintenance, and reserve budget amounts for Jetty View Townhomes Home Owners' Association

<b>Operating/Maintenance</b>	<b>Annual</b>	<b>Monthly</b>
Landscaping	\$ 3,000	\$ 250
Gutters and Downspouts Cleaning / General Maintenance	400	33
Insurance	4,200	350
Tax Prep	275	23
Bookkeeping	4,800	400
Reserve Study & Maint. Plan Update	800	67
Licenses and Fees	75	6
Bank Fees	75	6
<b>Total Operating/Maintenance Expenses</b>	<b>\$ 13,625</b>	<b>\$ 1,135</b>
<b>Reserve/Maintenance Expenses</b>	<b>\$ 23,500</b>	<b>\$ 1,958</b>
<b>Total Operating and Reserve Maintenance Expenses</b>	<b>\$ 37,125</b>	<b>\$ 3,093</b>
<b>Per Unit</b>	<b>\$ 4,125</b>	<b>\$ 344</b>

If you have any questions concerning this budget, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "David T. Schwindt".

David T. Schwindt, CPA PRA RS

**JETTY VIEW TOWNHOMES HOMEOWNERS' ASSOCIATION**  
**MAINTENANCE PLAN**  
**RESERVE STUDY**  
**LEVEL IV: PRELIMINARY, COMMUNITY NOT YET CONSTRUCTED**  
**BUDGET YEAR**  
**January 1, 2022 to December 31, 2022**



**JETTY VIEW TOWNHOMES HOMEOWNERS' ASSOCIATION**

**Executive Summary**

**Year of Report:**

January 1, 2022 to December 31, 2022

**Number of Units:**

9 Units

**Parameters:**

Beginning Balance: \$0

Year 2022 Suggested Contribution: \$23,500

Year 2022 Projected Interest Earned: \$8

Inflation: 4.00%

Annual Increase to Suggested Contribution: 4.00%

Lowest Cash Balance Over 30 Years (Threshold): \$0

Average Reserve Assessment per Unit: \$217.59

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**Jetty View Townhomes Homeowners' Association  
Maintenance Plan  
Reserve Study–Offsite  
Disclosure Information  
2022**

We have conducted an offsite reserve study and maintenance plan for Jetty View Townhomes Homeowners' Association for the year beginning January 1, 2022, in accordance with guidelines established by the Community Associations Institute and the American Institute of Certified Public Accountants.

This reserve study and maintenance plan complies with the legislative changes made in 2007 to ORS Chapters 94 and 100.

We have no other involvement with the Association other than providing the operating budget, reserve study, and maintenance plan.

Schwindt and Company believes that every association should have a complete building envelope inspection within 12 months of completion of all construction. This inspection must be performed by a licensed building envelope inspector. Ongoing inspections of the property should be performed by a licensed inspector, with the exception of a roof inspection which may be performed by a licensed roofing contractor.

Associations should have a complete building envelope study conducted every 3-5 years. If the Association chooses not to engage a qualified engineer or architect to perform a building envelope inspection, the Association should be 100% funded using the fully funded method of funding to ensure funds are available to pay for unexpected costs.

Assumptions used for inflation, interest, and other factors are detailed on page 21. Income tax factors were not considered due to the uncertainty of factors affecting net taxable income and the election of tax forms to be filed.

David T. Schwindt, the representative in charge of this report, is a designated Reserve Study Specialist, Professional Reserve Analyst, and Certified Public Accountant licensed in the states of Oregon, Washington, California, and Arizona.

The property is currently under construction, no site visit was performed. All information regarding the useful life and cost of reserve components was derived from the developer, local vendors, and/or from various construction pricing and scheduling manuals.

The terms *RS Means*, *National Construction Estimator*, and *Fannie Mae Expected Useful Life Tables and Forms* refer to construction industry estimating databases that are used throughout the industry to establish cost estimates and useful life estimates for common building components and products. We suggest that the Association obtain firm bids for these services.

### **Increases in Roofing and Painting Costs**

Over the last several years, roofing, painting, and other costs have increased at a dramatic pace. Schwindt and Company has noted this in our reserve studies. We were not sure if this was a temporary price increase or the new normal in pricing. We are now of the opinion that these increased prices will most likely continue. Roofing costs have nearly doubled and painting costs have increased 50%. It is still possible to keep the increases to a minimum if Associations can find a vendor that will perform the work at a reduced price, however, these vendors are becoming rare.

The main reason for increased prices aside from normal cost increases appears to be the availability of labor. Many workers left the industry during the downturn and have not reentered the job market thus driving up wage costs to attract qualified workers. Roofers and painters are also seeing increased demand for their services due to aging association property. These factors have created the perfect storm for increased prices.

These increases are being built into cost estimates and required contributions. Associations have seen an increase in the

suggested reserve contributions beginning with the 2018/2019 budget years and depending on the year the roofing and painting projects occur, the increases may be substantial. As of 2020, we are seeing the prices remain at the elevated rate.

In April 2021, the average annual inflation rate increased from 2.64% to 4.16%. Experts are not sure if this increase is temporary due to supply chain issues or if this will be a long-term increase. At this time, Schwindt and Company is recommending an inflation rate of 4% in reserve studies. We will continue to monitor the inflation rate throughout this period. More information can be found at [https://inflationdata.com/Inflation/Inflation\\_Rate/HistoricalInflation.aspx](https://inflationdata.com/Inflation/Inflation_Rate/HistoricalInflation.aspx).

According to Section 1.8 of the Declaration, the Commonly Maintained Property includes the exteriors of the buildings, (except glass surfaces and screening, doors and door frames), fencing, landscaping, yards, sidewalks, painting of the exterior side of the doors, caulking and flashing, private sewer lines, and wires and equipment that serve multiple lots.

An earthquake insurance deductible is not included in the reserve study.

Many reserve studies do not include components such as the structural building envelope, plumbing (including water supply and piping), electrical systems, and water/sewer systems because they are deemed to be beyond the usual 30-year threshold and reserve study providers are generally not experts in determining the estimated useful lives and replacement costs of such assets. Associations that are 20+ years in age should consider adding funding for these components because the eventual cost may be one of the largest expenditures in the study. Because the eventual replacement costs and determination of the estimated useful life of such components depend on several factors, it is advisable to hire experts to advise the Association on such matters. Schwindt and Company believes the best way to determine costs and lives associated with these components is to perform an inspection of the applicable components which should include information about the component, steps to take to lengthen the estimated useful life, projected estimated useful life, and estimated replacement costs. This inspection should be conducted by experts and should include a written report. This information will allow the reserve study provider and the Association to include appropriate costs, lives, and projected expenditures in the study. Schwindt and Company believes that the cost of these inspections should be included in the reserve study as a funded component.

We are not aware of any material issues which, if not disclosed, would cause a material distortion of this report.

Certain information, such as the beginning balance of reserve funds and other information as detailed on the component detail reports, was provided by Association representatives and is deemed to be reliable by us. This reserve study is a reflection of the information provided to us and cannot be used for the purpose of performing an audit, a quality/forensic analysis, or background checks of historical records.

Site visits should not be considered a project audit or quality inspection of the Association's property. A site visit does not evaluate the condition of the property to determine the useful life or needed repairs. Schwindt and Company suggests that the Association perform a building envelope inspection to determine the condition, performance, and useful life of all the components.

Certain costs outlined in the reserve study are subjective and, as a result, are for planning purposes only. The Association should obtain firm bids at the time of work. Actual costs will depend upon the scope of work as defined at the time the repair, replacement, or restoration is performed. All estimates relating to future work are good faith estimates and projections are based on the estimated inflation rate, which may or may not prove accurate. All future costs and life expectancies should be reviewed and adjusted annually.

This reserve study, unless specifically stated in the report, assumes no fungi, mold, asbestos, lead paint, urea-formaldehyde foam insulation, termite control substances, other chemicals, toxic wastes, radon gas, electro-magnetic radiation, other potentially hazardous materials (on the surface or sub-surface), or termites on the property. The existence of any of these substances may adversely affect the accuracy of this reserve study. Schwindt and Company assumes no responsibility regarding such conditions, as we are not qualified to detect substances, determine the impact, or develop remediation plans/costs.

Since destructive testing was not performed, this reserve study does not attempt to address latent and/or patent defects. Neither does it address useful life expectancies that are abnormally short due either to improper design and installation, nor to subsequent improper maintenance. This reserve study assumes all components will be reasonably maintained for the remainder of their life expectancy.

Physical Analysis:

New projects generally include information provided by developers and/or refer to drawings.

Full onsite reserve studies generally include field measurements and do not include destructive testing. Drawings are usually not available for existing projects.

Onsite updates generally include observations of physical characteristics but do not include field measurements.

Please note that the Association has not had a complete building envelope inspection. The effects of not having information relating to this inspection are not known.

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.





**JETTY VIEW TOWNHOMES HOMEOWNERS' ASSOCIATION**

**MAINTENANCE PLAN**

**BUDGET YEAR**

**January 1, 2022 to December 31, 2022**

**Jetty View Townhomes Homeowners' Association  
Executive Summary of Maintenance Plan**

Regular maintenance of common elements is necessary to ensure the maximum useful life and optimum performance of components. Of particular concern are items that may present a safety hazard to residents or guests if they are not maintained in a timely manner and components that perform a water-proofing function.

This maintenance plan is a cyclical plan that calls for maintenance at regular intervals. The frequency of the maintenance activity and the cost of the activity at the first instance follow a short descriptive narrative. This maintenance plan should be reviewed on an annual basis when preparing the annual operating budget for the Association.

Checklists, developed by Reed Construction Data, Inc., can be photocopied or accessed from the RS Means website:

<http://www.rsmeans.com/supplement/67346.asp>

They can be used to assess and document the existing condition of an Association's common elements and to track the carrying out of planned maintenance activities.

**Jetty View Townhomes Homeowners' Association  
Maintenance Plan  
2022**

**Pursuant to Oregon State Statutes Chapters 94 and 100, which require a maintenance plan as an integral part of the reserve study, the maintenance procedures are as follows:**

**The Board of Directors should refer to this maintenance plan each year when preparing the annual operating budget for the Association to ensure that annual maintenance costs are included in the budget for the years that they are scheduled.**

**Property Inspection**

Schwindt and Company recommends that a provision for the annual inspection of common area components be included in the maintenance plan for all associations. This valuable management tool will help to ensure that all components achieve a maximum useful life expectancy and that they function as intended throughout their lifespan.

The inspection should be performed by a qualified professional and should include a written summary of conclusions with specific recommendations for any needed repairs or maintenance.

We suggest that the Association obtain firm bids for this service.

This expense should be included in the annual operating budget for the Association.

Frequency: Annually

**Building Envelope Inspection**

Schwindt and Company recommends that all associations perform a building envelope inspection within 12 months of substantial completion of all construction or immediately upon detection of any water intrusion or mold problems. This inspection process may involve invasive testing if the problems detected are serious enough to warrant such measures.

The inspection should be performed by an architect, engineer, or state-licensed inspector who is specifically trained in forensic waterproofing analysis. The report should include a written summary of findings with recommendations for needed repairs or maintenance procedures.

All reserve studies and maintenance plans prepared by Schwindt and Company assume that any such recommendations will be followed and that all work will be performed by qualified professionals.

A complete building envelope inspection should be performed on a regular basis. This would include a visual inspection and if needed intrusive openings. The Association should refer to the building envelope forensic specialist to determine the extent and frequency of inspections.

We suggest that the Association obtain firm bids for this service.

Frequency: Every 5 years

## **Roof Inspection**

Schwindt and Company recommends that a provision for the periodic inspection and maintenance of roofing and related components be included in the maintenance plan for all associations.

The frequency of this inspection will vary based on the age, condition, complexity, and remaining useful life of the roof system. As the roof components become older, the Association is well advised to consider increasing the frequency of this critical procedure.

The inspection should be performed by a qualified roofing professional and should include a written summary of conclusions with specific recommendations for any needed repairs or maintenance. Recommended maintenance should be performed promptly by a licensed roofing contractor.

We suggest that the Association obtain firm bids for this service.

This expense should be included in the annual operating budget for the Association.

Frequency: Refer to roof warranty for frequency

## **Exterior Stairs, Decks, Balconies, & Patios**

### **A method should be adopted for owners to report problems.**

Individual decks and balconies should be carefully checked, particularly concrete and wood, on a monthly basis. Concrete should be reviewed for deficiencies, such as alkali-aggregate expansion, honeycombing, chips, cracks, stains, lifted areas, tripping hazards, and/or unevenness. Railings should be reviewed for stability, hardware, and overall condition. Wood should be reviewed for deficiencies, such as dry rot, termites, instability, worn edges, cracks, holes and splintering. Footing/foundation should be reviewed for stability and overall condition deficiencies, such as cracks and broken or missing components. A safety review should include, but not be limited to, the sufficient distance maintained between flammables and other surfaces, as well as the overall condition of access points, such as doors, windows, screens, and thresholds.

Frequency: Monthly

## **Property Entrance – Review**

The property entrance is a significant reflection on the development as a whole and is often the first stop in the development for residents, prospective residents or buyers, and visitors. The area should be consistently clean, functional, and accessible. In addition to serving as a point of initial access, the main entry may feature mailboxes, which should be secure and operational.

**Mailboxes:** Review overall condition and function of locks; proper lubrication of working parts; cleanliness of face plates; security of housing, in compliance with current postal regulations; accuracy and visibility of signage/accessibility of tactile lettering, where required; condition and function of slots

and depositories for outgoing mail and packages.

Deficiencies, required maintenance, and required repairs should be noted by the maintenance contractor and/or Association representatives after completion of the review.

This expense should be included in the annual operating budget for the Association as general property maintenance expense.

Frequency: Monthly

## **Windows & Doors**

**A method should be adopted for owners to report problems.**

Exterior window and door casings, sashes, and frames should be inspected annually for twisting, cracking, deterioration, or other signs of distress. Hardware and weather stripping should be checked for proper operation and fit. Gaskets and seals should be reviewed for signs of moisture intrusion. Weep holes should be cleaned. These building envelope components should be repaired and replaced as necessary.

Frequency: Monthly

## **Fence – Vinyl Perimeter – Inspection**

The vinyl privacy fence located along the perimeter of the property should be checked semiannually for overall integrity and safety. The overall condition of the fence should be checked for deficiencies, such as vegetation encroachment, debris buildup, holes, sagging areas, missing segments, rot, fungus, and/or vandalism.

Deficiencies, required maintenance, and required repairs should be noted by the maintenance contractor and/or Association representatives after completion of the review.

Frequency: Semiannually

## **Gutters & Downspouts**

Schwindt and Company recommends that all gutters and downspouts be cleaned, visually inspected, and repaired as required every six months in the spring and fall.

This important maintenance procedure will help to ensure that the gutters and downspouts are free-flowing at all times, thus preventing the backup of water within the drainage system. Such backup can lead to water ingress issues along the roof edges, around scuppers or other roof penetrations, and at sheet metal flashing or transition points that rely on quick and continuous discharge of water from surrounding roof surfaces to maintain a watertight building exterior.

This expense should be included in the annual operating budget for the Association.

Frequency: Semiannually, more often if necessary

## **Exterior Walls**

The siding, trim, and other wood building components should be inspected for loose, missing, cracked, or otherwise damaged components. Sealant joints should be checked for missing or cracked sealant.

Painted surfaces should be checked for paint deterioration, bubbling, or other signs of deterioration.

Dryer vents should be checked **twice a year** and cleared of lint. Also check operation of exhaust baffles to make sure they are present and that they move freely. Exhaust ducts should be cleared of debris **every 3 years**.

**The payment for maintenance and the performance of maintenance repair of dryer vents, exhaust baffles, and exhaust ducts is solely the responsibility of the owners.**

Any penetrations of the building envelope, such as utility lines and light fixtures, should be checked annually for signs of water intrusion. Hose bibs should be checked for leaks and other failures. Each hose bib should be shut off and drained during the winter to prevent damage from freezing.

**The payment for and performance of maintenance and repair of all outlets of utility service lines, including water, sewerage, gas, or electricity is solely the responsibility of the owners.**

Annual inspections to check for signs of water intrusion should be made of the building envelope interfaces, such as where the windows intersect with the walls and where the walls intersect with the roof.

Deficiencies, required maintenance, and required repairs should be noted by the maintenance contractor and/or Association representatives after completion of the review.

Inspections should be made by a qualified professional.

This expense should be included in the annual operating budget for the Association.

Frequency: Annually

## **Landscape Maintenance**

The Association will be responsible for maintenance and upkeep of common area landscape throughout the property. This may include mowing lawn, removal of weeds, and deadheading of flowers. Landscape techniques vary depending on the foliage and season.

We suggest that the Association obtain firm bids for this service.

This expense should be included in the Association's operating budget.

Frequency: Annually

## **Lawn Irrigation System**

Periodic maintenance to the lawn irrigation system should be anticipated with this type of component. These maintenance procedures will include replacement of the control mechanism, replacement of damaged piping, upgrading of sprinkler heads and valve components, and any other work that is advised by repair professionals.

In recent years, improvements have been made to this type of system which has increased the efficiency of the water distribution process. Such improvements can be expected to continue and the owners of such systems are well advised to plan on periodic upgrades to maintain the efficiency of their systems.

Lawn irrigation systems also require periodic testing to ensure proper operation. Sometimes this testing is mandated by ordinance or building codes. All work on lawn irrigation systems must be performed by licensed contractors who specialize in this type of work.

This expense should be included in the annual operating budget for the Association.

Frequency: Annually

## **Exterior Siding Maintenance – Painting**

Maintenance of the exterior siding includes regularly scheduled cleaning and inspection of the surface areas for cracks, peeling paint or other sealants, deterioration of the base material, and failure of caulking or other sealant materials that serve a waterproofing function.

This maintenance provision is for the periodic painting of the exterior siding. The siding should be cleaned, repaired as required, and primed and painted with premium quality exterior house paint in accordance with the siding manufacturer's specifications. The work should be performed by a qualified, licensed painting contractor.

This expense is included in the reserve study for the Association.

Frequency: Every 8 years

## **Backflow Device Maintenance**

Maintenance of the backflow device and components related to the water system includes, but is not limited to, inspecting for leaks under pressure and checking for damage or deterioration.

Annual maintenance on the backflow device includes the testing and calibrating of valve operation. Air should be bled from the backflow preventer and the area should be cleaned.

Inspections and maintenance should be performed by a qualified, licensed service provider.

Deficiencies, required maintenance, and required repairs should be noted by the maintenance contractor and/or Association representatives after completion of the review.

This maintenance item should be included in the Association's annual operating budget.

Frequency: Annually

### **Attics & Crawl Spaces**

**The performance of and payment for the following maintenance procedures is solely the responsibility of the owners. The owners should be made aware of the consequence of not maintaining their property. A method should be adopted for owners to report problems.**

Attic should be inspected annually to make sure all vents are free of obstructions and exhaust ducts are tight lined to the exterior. Owners should consult a professional if mold is detected.

Crawl spaces should be checked annually to make sure all vents are free of obstructions. Owners should make sure that the finish grade is below the height of the vents and vents are clear of debris. Crawl space should be checked for signs of water intrusion or moisture damage to the building structure.

Owners should consult a professional if water related damage is discovered.

Frequency: Annually

### **Concrete Pavement**

Maintenance of the concrete pavement should include cleaning the surface areas with pressure washing equipment. The pavement should also be visually reviewed for signs of undue stress and cracking. Noticeable cracks should be filled with a suitable concrete crack filler to prevent penetration of moisture below the concrete surface, which will undermine the integrity of the base material over time.

Frequency: Annually

**This maintenance plan is designed to preserve and extend the useful life of assets and is dependent upon proper inspection and follow up procedures.**



**JETTY VIEW TOWNHOMES HOMEOWNERS' ASSOCIATION**  
**RESERVE STUDY**  
**LEVEL IV: PRELIMINARY, COMMUNITY NOT YET CONSTRUCTED**  
**BUDGET YEAR**  
**January 1, 2022 to December 31, 2022**

**Jetty View Townhomes Homeowners' Association**  
**Category Detail Index**

Asset ID	Description	Replacement	Page
<b>Roofing</b>			
1005	Roof - Replacement	2047	28 of 45
<b>Siding</b>			
1007	Siding: Fiber Cement - Repair	2052	29 of 45
1008	Siding: Fiber Cement - Replacement	Unfunded	29 of 45
1006	Siding: Stone - Repair	2052	30 of 45
<b>Painting</b>			
1009	Siding & Trim - Paint	2030	31 of 45
<b>Gutters and Downspouts</b>			
1010	Gutters & Downspouts - Replacement	2047	32 of 45
<b>Decks and Railings</b>			
1017	Decks - Replacement	2047	33 of 45
1018	Railings - Replacement	2047	33 of 45
<b>Grounds Components</b>			
1013	Gravel Driveway - Maintenance	2032	34 of 45
1015	Landscaping - Renovation	2037	34 of 45
1014	Sidewalks - Repair	2037	34 of 45
<b>Mailboxes</b>			
1012	Mailboxes - Replacement	2052	36 of 45
<b>Doors and Windows</b>			
1011	Window Frames - Replacement	2052	37 of 45
<b>Inspections</b>			
1001	Building Envelope Inspection	Unfunded	38 of 45
1003	Electrical Inspection	Unfunded	38 of 45
1002	Plumbing Inspection	Unfunded	39 of 45
<b>Contingency</b>			
1004	Insurance Deductible	2022	40 of 45
	Total Funded Assets	13	
	Total Unfunded Assets	<u>4</u>	
	Total Assets	17	

**Jetty View Townhomes Homeowners' Association**  
**Property Description**

Jetty View Townhomes Homeowners' Association consists of 3 buildings with 9 units located in Warrenton, Oregon. The buildings will be 3 stories tall with a shingle roof and fiber cement siding. The Association shall provide exterior improvements upon each unit, such as paint, maintenance, repair and replacement of roofs, gutters, downspouts, and exterior building surfaces. The individual homeowners are responsible for all maintenance and repairs to the interior of their home.

This study uses information supplied by the developer, and various construction pricing and scheduling manuals to determine useful lives and replacement costs. The property is currently under construction.

A site visit was not performed by Schwindt and Company. Schwindt and Company did not investigate components for defects, materials, design, or workmanship. This investigation would ordinarily be considered in a complete building envelope inspection. Our condition assessment considers if the component is wearing as intended. All components are considered to be in fair condition and appear to be wearing as intended unless noted otherwise in the component detail.

Funds will be accumulated in the replacement fund based on estimates of future need for repairs and replacement of common property components. Actual expenditures, investment income, and provisions for income taxes may vary from estimated amounts, and variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future funding needs.

If additional funds are needed, the Association has the right, subject to approval, to increase regular assessments and/or levy special assessments. Otherwise, the Association may delay repairs or replacements until funds are available.

**Jetty View Townhomes Homeowners' Association**  
**Warrenton, Oregon**  
**Cash Flow Method - Threshold Funding Model Summary**

<i>Report Parameters</i>	
Report Date	November 17, 2021
Budget Year Beginning	January 1, 2022
Budget Year Ending	December 31, 2022
Total Units	9
Inflation	4.00%
Annual Assessment Increase	4.00%
Interest Rate on Reserve Deposit	0.10%
2022 Beginning Balance	

**Threshold Funding**  
**Fully Reserved Model Summary**

- This study utilizes the cash flow method and the threshold funding model, which establishes a reserve funding goal that keeps the reserve balance above a specified dollar or percent funded amount. The threshold method assumes that the threshold method is funded with a positive threshold balance, therefore, "fully reserved".
- The following items were not included in the analysis because they have useful lives greater than 30 years: grading/drainage; foundation/footings; storm drains; telephone, cable, and internet lines.
- This funding scenario begins with a contribution of **\$23,500** in **2022** and increases **4.00%** each year for the remaining years of the study. A minimum balance of **\$0** is maintained.
- The purpose of this study is to ensure that adequate replacement funds are available when components reach the end of their useful life. Components will be replaced as required, not necessarily in their expected replacement year. This analysis should be updated annually.

<i>Cash Flow Method - Threshold Funding Model Summary of Calculations</i>	
Required Month Contribution	\$1,958.33
<i>\$217.59 per unit monthly</i>	
Average Net Month Interest Earned	<u>\$0.64</u>
Total Month Allocation to Reserves	\$1,958.98
<i>\$217.66 per unit monthly</i>	

**Jetty View Townhomes Homeowners' Association**  
**Cash Flow Method - Threshold Funding Model Projection**

Beginning Balance: \$0

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2022	23,500	8	5,000	18,508	21,243	87%
2023	24,440	32		42,979	44,185	97%
2024	25,418	57		68,454	68,929	99%
2025	26,434	83		94,971	95,582	99%
2026	27,492	110		122,573	124,256	99%
2027	28,591	138		151,302	155,072	98%
2028	29,735	167		181,205	188,154	96%
2029	30,924	198		212,327	223,634	95%
2030	32,161	160	69,715	174,934	189,149	92%
2031	33,448	193		208,574	226,950	92%
2032	34,786	225	2,960	240,624	264,394	91%
2033	36,177	260		277,062	307,672	90%
2034	37,624	298		314,984	353,990	89%
2035	39,129	336		354,449	403,521	88%
2036	40,694	377		395,520	456,448	87%
2037	42,322	411	7,204	431,050	505,471	85%
2038	44,015	360	95,410	380,015	466,251	82%
2039	45,776	405		426,196	526,281	81%
2040	47,607	452		474,255	590,366	80%
2041	49,511	501		524,267	658,737	80%
2042	51,491	548	4,382	571,924	727,075	79%
2043	53,551	601		626,076	804,565	78%
2044	55,693	657		682,426	887,092	77%
2045	57,921	714		741,061	974,934	76%
2046	60,238	643	130,575	671,367	932,586	72%
2047	62,647	33	671,887	62,161	327,757	19%
2048	65,153	97		127,412	399,763	32%
2049	67,759	164		195,335	477,005	41%
2050	70,470	234		266,038	559,786	48%
2051	73,288	306		339,632	648,427	52%
2052	76,220	20	361,023	54,849	367,800	15%

## Jetty View Townhomes Homeowners' Association

### Component Summary By Category

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
<b>Roofing</b>								
Roof - Replacement	2022	2047	25	0	25	9,686 SF	6.00	<u>58,116</u>
Roofing - Total								\$58,116
<b>Siding</b>								
Siding: Fiber Cement - Repair	2022	2052	30	0	30	16,980 SF	20.00 @ 10%	33,960
Siding: Fiber Cement - Replacement	<i>Unfunded</i>							
Siding: Stone - Repair	2022	2052	30	0	30	1,740 SF	10.00 @ 25%	<u>4,350</u>
Siding - Total								\$38,310
<b>Painting</b>								
Siding & Trim - Paint	2022	2030	8	0	8	16,980 SF	3.00	<u>50,940</u>
Painting - Total								\$50,940
<b>Gutters and Downspouts</b>								
Gutters & Downspouts - Replacement	2022	2047	25	0	25	1,062 LF	10.00	<u>10,620</u>
Gutters and Downspouts - Total								\$10,620
<b>Decks and Railings</b>								
Decks - Replacement	2022	2047	25	0	25	3,960 SF	40.00	158,400
Railings - Replacement	2022	2047	25	0	25	498 LF	50.00	<u>24,900</u>
Decks and Railings - Total								\$183,300
<b>Grounds Components</b>								
Gravel Driveway - Maintenance	2022	2032	10	0	10	1 Total	2,000.00	2,000
Landscaping - Renovation	2022	2037	15	0	15	1 Total	2,000.00	2,000
Sidewalks - Repair	2022	2037	15	0	15	1 Total	2,000.00	<u>2,000</u>
Grounds Components - Total								\$6,000
<b>Mailboxes</b>								
Mailboxes - Replacement	2022	2052	30	0	30	1 Total	1,750.00	<u>1,750</u>
Mailboxes - Total								\$1,750
<b>Doors and Windows</b>								
Window Frames - Replacement	2022	2052	30	0	30	87 Each	750.00	<u>65,250</u>
Doors and Windows - Total								\$65,250
<b>Inspections</b>								
Building Envelope Inspection	<i>Unfunded</i>							
Electrical Inspection	<i>Unfunded</i>							
Plumbing Inspection	<i>Unfunded</i>							
Inspections - Total								

**Jetty View Townhomes Homeowners' Association**  
**Component Summary By Category**

Description	Date in Service	Replacement Year	Useful	Adjustment Remaining	Units	Unit Cost	Current Cost
<b>Contingency</b>							
Insurance Deductible	2021	2022	1	0	0	1 Total	5,000.00
Contingency - Total							<u>5,000</u> \$5,000
Total Asset Summary							<u>\$419,286</u>

# **Jetty View Townhomes Homeowners' Association** **Component Summary By Group**

Description	Date in Service	Replacement Year	Useful	Adjustment Remaining	Units	Unit Cost	Current Cost
<b>Capital</b>							
Decks - Replacement	2022	2047	25	0 25	3,960 SF	40.00	158,400
Gutters & Downspouts - Replacement	2022	2047	25	0 25	1,062 LF	10.00	10,620
Mailboxes - Replacement	2022	2052	30	0 30	1 Total	1,750.00	1,750
Railings - Replacement	2022	2047	25	0 25	498 LF	50.00	24,900
Roof - Replacement	2022	2047	25	0 25	9,686 SF	6.00	58,116
Siding: Fiber Cement - Replacement	<i>Unfunded</i>						
Window Frames - Replacement	2022	2052	30	0 30	87 Each	750.00	65,250
Capital - Total							<u>\$319,036</u>
<b>Non-Capital</b>							
Building Envelope Inspection	<i>Unfunded</i>						
Electrical Inspection	<i>Unfunded</i>						
Gravel Driveway - Maintenance	2022	2032	10	0 10	1 Total	2,000.00	2,000
Insurance Deductible	2021	2022	1	0 0	1 Total	5,000.00	5,000
Landscaping - Renovation	2022	2037	15	0 15	1 Total	2,000.00	2,000
Plumbing Inspection	<i>Unfunded</i>						
Sidewalks - Repair	2022	2037	15	0 15	1 Total	2,000.00	2,000
Siding & Trim - Paint	2022	2030	8	0 8	16,980 SF	3.00	50,940
Siding: Fiber Cement - Repair	2022	2052	30	0 30	16,980 SF	20.00 @ 10%	33,960
Siding: Stone - Repair	2022	2052	30	0 30	1,740 SF	10.00 @ 25%	4,350
Non-Capital - Total							<u>\$100,250</u>
Total Asset Summary							<u>\$419,286</u>



**Jetty View Townhomes Homeowners' Association  
Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2022</b>	
Insurance Deductible - 1 of 1X	5,000
<b>Total for 2022</b>	<b>\$5,000</b>
<i>No Replacement in 2023</i>	
<i>No Replacement in 2024</i>	
<i>No Replacement in 2025</i>	
<i>No Replacement in 2026</i>	
<i>No Replacement in 2027</i>	
<i>No Replacement in 2028</i>	
<i>No Replacement in 2029</i>	
<b>Replacement Year 2030</b>	
Siding & Trim - Paint	69,715
<b>Total for 2030</b>	<b>\$69,715</b>
<i>No Replacement in 2031</i>	
<b>Replacement Year 2032</b>	
Gravel Driveway - Maintenance	2,960
<b>Total for 2032</b>	<b>\$2,960</b>
<i>No Replacement in 2033</i>	
<i>No Replacement in 2034</i>	
<i>No Replacement in 2035</i>	
<i>No Replacement in 2036</i>	
<b>Replacement Year 2037</b>	
Landscaping - Renovation	3,602
Sidewalks - Repair	3,602
<b>Total for 2037</b>	<b>\$7,204</b>
<b>Replacement Year 2038</b>	
Siding & Trim - Paint	95,410
<b>Total for 2038</b>	<b>\$95,410</b>

**Jetty View Townhomes Homeowners' Association  
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2039</i>	
<i>No Replacement in 2040</i>	
<i>No Replacement in 2041</i>	
<b>Replacement Year 2042</b>	
Gravel Driveway - Maintenance	4,382
<b>Total for 2042</b>	<b>\$4,382</b>
<i>No Replacement in 2043</i>	
<i>No Replacement in 2044</i>	
<i>No Replacement in 2045</i>	
<b>Replacement Year 2046</b>	
Siding & Trim - Paint	130,575
<b>Total for 2046</b>	<b>\$130,575</b>
<b>Replacement Year 2047</b>	
Decks - Replacement	422,268
Gutters & Downspouts - Replacement	28,311
Railings - Replacement	66,379
Roof - Replacement	154,928
<b>Total for 2047</b>	<b>\$671,887</b>
<i>No Replacement in 2048</i>	
<i>No Replacement in 2049</i>	
<i>No Replacement in 2050</i>	
<i>No Replacement in 2051</i>	
<b>Replacement Year 2052</b>	
Gravel Driveway - Maintenance	6,487
Landscaping - Renovation	6,487
Mailboxes - Replacement	5,676
Sidewalks - Repair	6,487
Siding: Fiber Cement - Repair	110,146
Siding: Stone - Repair	14,109

**Jetty View Townhomes Homeowners' Association  
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2052 continued...</i>	
Window Frames - Replacement	211,632
<b>Total for 2052</b>	<b><u>\$361,023</u></b>

**Jetty View Townhomes Homeowners' Association**  
**Detail Report by Category**

**Roof - Replacement**

		9,686 SF	@ \$6.00
Asset ID	1005	Asset Cost	\$58,116.00
	Capital	Percent Replacement	100%
	Roofing	Future Cost	\$154,927.74
Placed in Service	January 2022		
Useful Life	25		
Replacement Year	2047		
Remaining Life	25		

This provision is for the replacement of the roof.

Based on site plans, Schwindt and Company estimated 9,686 square feet of roofing.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator. The Association should obtain a bid to confirm this estimate.

**Roofing - Total Current Cost                      \$58,116**

**Jetty View Townhomes Homeowners' Association**  
**Detail Report by Category**

**Siding: Fiber Cement - Repair**

		16,980 SF	@ \$20.00
Asset ID	1007	Asset Cost	\$33,960.00
	Non-Capital	Percent Replacement	10%
	Siding	Future Cost	\$110,145.78
Placed in Service	January 2022		
Useful Life	30		
Replacement Year	2052		
Remaining Life	30		

This provision is for the repair of the fibercement siding and trim. It is estimated that 10% of the total area will need repair.

Based on site plans, Schwindt and Company estimated 16,980 square feet of siding.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator. The Association should obtain a bid to confirm this estimate.

**Siding: Fiber Cement - Replacement**

		16,980 SF	@ \$20.00
Asset ID	1008	Asset Cost	\$339,600.00
	Capital	Percent Replacement	100%
	Siding	Future Cost	\$2,413,429.66
Placed in Service	January 2022		
Useful Life	50		
Replacement Year	2072		
Remaining Life	50		

This provision is for the replacement of the fibercement siding and trim. It is estimated that the siding will last greater than 30 years, therefore this component is unfunded.

Based on site plans, Schwindt and Company estimated 16,980 square feet of siding.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator. The Association should obtain a bid to confirm this estimate.

**Jetty View Townhomes Homeowners' Association**  
**Detail Report by Category**

<b>Siding: Stone - Repair</b>		1,740 SF	@ \$10.00
Asset ID	1006	Asset Cost	\$4,350.00
	Non-Capital	Percent Replacement	25%
	Siding	Future Cost	\$14,108.78
Placed in Service	January 2022		
Useful Life	30		
Replacement Year	2052		
Remaining Life	30		

This provision is for the repair of the stone siding. It is estimated that 25% of the total area will need repair.

Based on site plans, Schwindt and Company estimated 1,740 square feet of siding.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator. The Association should obtain a bid to confirm this estimate.

**Siding - Total Current Cost                      \$38,310**

**Jetty View Townhomes Homeowners' Association**  
**Detail Report by Category**

<b>Siding &amp; Trim - Paint</b>		16,980 SF	@ \$3.00
Asset ID	1009	Asset Cost	\$50,940.00
	Non-Capital	Percent Replacement	100%
	Painting	Future Cost	\$69,714.91
Placed in Service	January 2022		
Useful Life	8		
Replacement Year	2030		
Remaining Life	8		

This provision is for the painting of the siding, trim, and exterior doors.

Based on site plans, Schwindt and Company estimated 16,980 square feet of siding.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator. The Association should obtain a bid to confirm this estimate.

<b>Painting - Total Current Cost</b>	<b>\$50,940</b>
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**Jetty View Townhomes Homeowners' Association**  
**Detail Report by Category**

<b>Gutters &amp; Downspouts - Replacement</b>		1,062 LF	@ \$10.00
Asset ID	1010	Asset Cost	\$10,620.00
	Capital	Percent Replacement	100%
	Gutters and Downspouts	Future Cost	\$28,311.18
Placed in Service	January 2022		
Useful Life	25		
Replacement Year	2047		
Remaining Life	25		

This provision is for the replacement of the gutters and downspouts.

Based on site plans, Schwindt and Company estimated 1,062 lineal feet of gutters and downspouts.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator. The Association should obtain a bid to confirm this estimate.

**Gutters and Downspouts - Total Current Cost                      \$10,620**



**Jetty View Townhomes Homeowners' Association**  
**Detail Report by Category**

**Decks - Replacement**

		3,960 SF	@ \$40.00
Asset ID	1017	Asset Cost	\$158,400.00
	Capital	Percent Replacement	100%
	Decks and Railings	Future Cost	\$422,268.47
Placed in Service	January 2022		
Useful Life	25		
Replacement Year	2047		
Remaining Life	25		

This provision is for the replacement of the trex decks.

Schwindt and Company estimated 3,960 square feet of decks.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator. The Association should obtain a bid to confirm this estimate.

**Railings - Replacement**

		498 LF	@ \$50.00
Asset ID	1018	Asset Cost	\$24,900.00
	Capital	Percent Replacement	100%
	Decks and Railings	Future Cost	\$66,379.32
Placed in Service	January 2022		
Useful Life	25		
Replacement Year	2047		
Remaining Life	25		

This provision is for the replacement of the railings. According to the Developer, they will be a hybrid of cedar posts and railings with stainless steel cable tension wires.

Schwindt and Company estimated 498 lineal feet of railings.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator. The Association should obtain a bid to confirm this estimate.

**Decks and Railings - Total Current Cost                      \$183,300**

**Jetty View Townhomes Homeowners' Association**  
**Detail Report by Category**

**Gravel Driveway - Maintenance**

Asset ID	1013	1 Total	@ \$2,000.00
	Non-Capital	Asset Cost	\$2,000.00
Grounds Components		Percent Replacement	100%
Placed in Service	January 2022	Future Cost	\$2,960.49
Useful Life	10		
Replacement Year	2032		
Remaining Life	10		

This provision is for the maintenance of the gravel driveway.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator. The Association should obtain a bid to confirm this estimate.

**Landscaping - Renovation**

Asset ID	1015	1 Total	@ \$2,000.00
	Non-Capital	Asset Cost	\$2,000.00
Grounds Components		Percent Replacement	100%
Placed in Service	January 2022	Future Cost	\$3,601.89
Useful Life	15		
Replacement Year	2037		
Remaining Life	15		

This provision is for the renovation of the landscaping.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator. The Association should obtain a bid to confirm this estimate.

**Sidewalks - Repair**

Asset ID	1014	1 Total	@ \$2,000.00
	Non-Capital	Asset Cost	\$2,000.00
Grounds Components		Percent Replacement	100%
Placed in Service	January 2022	Future Cost	\$3,601.89
Useful Life	15		
Replacement Year	2037		
Remaining Life	15		

This provision is for the repair of the sidewalks.

**Jetty View Townhomes Homeowners' Association**  
**Detail Report by Category**

*Sidewalks - Repair continued...*

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator. The Association should obtain a bid to confirm this estimate.

<b>Grounds Components - Total Current Cost</b>	<b>\$6,000</b>
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**Jetty View Townhomes Homeowners' Association**  
**Detail Report by Category**

**Mailboxes - Replacement**

Asset ID	1012	1 Total	@ \$1,750.00
	Capital	Asset Cost	\$1,750.00
	Mailboxes	Percent Replacement	100%
Placed in Service	January 2022	Future Cost	\$5,675.94
Useful Life	30		
Replacement Year	2052		
Remaining Life	30		

This provision is for the replacement of the mailboxes.

It is estimated that there will be 1 cluster mailbox.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator. The Association should obtain a bid to confirm this estimate.

**Mailboxes - Total Current Cost** **\$1,750**

**Jetty View Townhomes Homeowners' Association**  
**Detail Report by Category**

<b>Window Frames - Replacement</b>		87 Each	@ \$750.00
Asset ID	1011	Asset Cost	\$65,250.00
	Capital	Percent Replacement	100%
	Doors and Windows	Future Cost	\$211,631.69
Placed in Service	January 2022		
Useful Life	30		
Replacement Year	2052		
Remaining Life	30		

This provision is for the replacement of the window frames.

Based on site plans, Schwindt and Company estimated 87 window frames.

The cost and useful life assumptions are based on accepted industry estimates as established by RS Means and/or The National Construction Estimator. The Association should obtain a bid to confirm this estimate.

**Doors and Windows - Total Current Cost** **\$65,250**

**Jetty View Townhomes Homeowners' Association**  
**Detail Report by Category**

**Building Envelope Inspection**

		1 Total	@ \$5,000.00
Asset ID	1001	Asset Cost	\$5,000.00
	Non-Capital	Percent Replacement	100%
	Inspections	Future Cost	\$6,083.26
Placed in Service	January 2022		
Useful Life	5		
Replacement Year	2027		
Remaining Life	5		

This provision is for a building envelope inspection. Generally, the life of the building envelope is greater than 30 years. We recommend the Association perform an inspection to determine the current condition of the system. Once the condition is known, the reserve study should be updated.

Industry specialists recommend a building envelope inspection every 3-5 years.

This has been unfunded per the Developer.

**Electrical Inspection**

		1 Total	@ \$5,000.00
Asset ID	1003	Asset Cost	\$5,000.00
	Non-Capital	Percent Replacement	100%
	Inspections	Future Cost	\$13,329.18
Placed in Service	January 2022		
Useful Life	25		
Replacement Year	2047		
Remaining Life	25		

This provision is for an electrical inspection. Generally, the life of the electrical system is greater than 30 years. We recommend the Association perform an inspection to determine the current condition of the system. Once the condition is known, the reserve study should be updated.

This has been unfunded per the Developer.

**Jetty View Townhomes Homeowners' Association**  
**Detail Report by Category**

**Plumbing Inspection**

Asset ID	1002	1 Total	@ \$5,000.00
		Asset Cost	\$5,000.00
	Non-Capital	Percent Replacement	100%
	Inspections	Future Cost	\$13,329.18
Placed in Service	January 2022		
Useful Life	25		
Replacement Year	2047		
Remaining Life	25		

This provision is for a plumbing inspection, including water supply and sewer system. Generally, the life of the plumbing system is greater than 30 years. We recommend the Association perform an inspection to determine the current condition of the system. Once the condition is known, the reserve study should be updated.

This has been unfunded per the Developer.

**Inspections - Total Current Cost**

**\$0**

**Jetty View Townhomes Homeowners' Association**  
**Detail Report by Category**

Insurance Deductible		1 Total	@ \$5,000.00
Asset ID	1004	Asset Cost	\$5,000.00
	Non-Capital	Percent Replacement	100%
	Contingency	Future Cost	\$5,000.00
Placed in Service	January 2021		
Useful Life	1		
Replacement Year	2022		
Remaining Life	0		

Many Associations include the insurance deductible in the reserve study as a component. Generally this amount is \$10,000 but can vary based on insurance coverages.

The insurance deductible component is only included as an expenditure in the first year of the study. This expenditure is not listed again during the 30 year cash flow projection.

Boards have asked if the inclusion of an insurance deductible in the study as a component can increase the suggested annual reserve contribution. As long as the Association has a threshold amount of greater than \$10,000 in the reserve study as a contingency in the first year of the study, the inclusion of the insurance deductible should not affect the suggested reserve contribution. In other words, if the cash flow projection shows an amount greater than \$10,000 as a contingency balance in the reserve cash flow model without the insurance deductible, the inclusion of the insurance component should not affect the suggested reserve contribution.

**Contingency - Total Current Cost**

**\$5,000**



# Additional Disclosures

## Levels of Service

The following three categories describe the various types of Reserve Studies from exhaustive to minimal.

**I. Full:** A Reserve Study in which the following five Reserve Study tasks are performed:

- Component Inventory
- Condition Assessment (based upon on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

**II. Update, With Site Visit/On-Site Review:** A Reserve Study update in which the following five Reserve Study tasks are performed:

- Component Inventory (verification only, not quantification)
- Condition Assessment (based on on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

**III. Update, No Site Visit/Off-Site Review:** A Reserve Study update with no on-site visual observations in which the following three Reserve Study tasks are performed:

- Life and Valuation Estimates
- Fund Status
- Funding Plan

**IV. Preliminary, Community Not Yet Constructed.** A reserve study prepared before construction, that is generally used for budget estimates. It is based on design documents such as the architectural and engineering plans. The following three tasks are performed to prepare this type of study:

- Component inventory
- Life and valuation estimates
- Funding Plan

## Terms and Definitions

**CAPITAL IMPROVEMENTS:** 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.

**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*. *Components* typically are: 1) association

responsibility; 2) with limited *Useful Life* expectancies; 3) predictable *Remaining Useful Life* expectancies; 4) above a minimum threshold cost, and 5) as required by local codes.

**COMPONENT INVENTORY:** The task of selecting and quantifying reserve *Components*. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s) of the Association or cooperative.

**COMPONENT METHOD:** A method of developing a reserve *Funding Plan* where the total contribution is based on the sum of contributions for individual *Components*. See *Cash Flow Method*.

**CONDITION ASSESSMENT:** The task of evaluating the current condition of the *Component* based on observed or reported characteristics.

**CURRENT REPLACEMENT COST:** See *Replacement Cost*.

**DEFICIT:** An actual or projected *Reserve Balance* that is less than the *Fully Funded Balance*. The opposite would be a *Surplus*.

**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 (reserve *Funding Plan*) are derived, and the projected reserve income and expense over time is presented. The *Financial Analysis* is one of the two parts of a *Reserve Study*.

**FULLY FUNDED:** 100% Funded. When the actual or projected *Reserve Balance* is equal to the *Fully Funded Balance*.

**FULLY FUNDED BALANCE (FFB):** Total accrued depreciation, an indicator against which actual or projected *Reserve Balance* can be compared. The *Reserve Balance* that is in direct proportion to the fraction of life “used up” of the current repair or *Replacement Cost*. This number is calculated for each *Component*, then added together for an association total. Two formulas can be utilized, depending on the provider’s sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

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

or

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate})^{\text{Remaining Life}}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate})^{\text{Remaining Life}}]$$

**FUND STATUS:** The status of the reserve fund as compared to an established benchmark such as percent funding. The Association appears to be adequately funded as the threshold method, reducing the potential risk of a special assessment.

**FUNDING GOALS:** Independent of the methodology utilized, the following represent the basic categories of *Funding Plan* goals:

- **Baseline Funding:** Establishing a reserve funding goal of keeping the reserve cash balance above zero.
- **Full Funding:** Setting a reserve funding goal of attaining and maintaining reserves at or near 100% funded.
- **Statutory Funding:** Establishing a reserve funding goal of setting aside the specific minimum amount of reserves required by local statutes.
- **Threshold Funding:** Establishing a reserve funding goal of keeping the *Reserve Balance* above a specified dollar or *Percent Funded* amount. Depending on the threshold, this may be more or less conservative than fully funding.

**FUNDING PLAN:** An association's plan to provide income to a reserve fund to offset anticipated expenditures from that fund.

**FUNDING PRINCIPLES:**

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

**LIFE AND VALUATION ESTIMATES:** The task of estimating *Useful Life*, *Remaining Useful Life*, and repair or *Replacement Costs* for the reserve *Components*.

**PERCENT FUNDED:** The ratio at a particular point of time (typically the beginning of the Fiscal Year) of the actual or projected *Reserve Balance* to the *Fully Funded Balance*, expressed as a percentage.

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

**REMAINING USEFUL LIFE (RUL):** Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve *Component* can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" *Remaining Useful Life*.

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

**RESERVE BALANCE:** Actual or projected funds as of a particular point in time that the Association has identified for use to defray the future repair or replacement of those major *Components* which the Association is obligated to maintain. Also known as reserves, reserve accounts, or cash reserves. Based upon information provided and not audited.

**RESERVE PROVIDER:** An individual that prepares *Reserve Studies*.

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

**RESPONSIBLE CHARGE:** A reserve specialist in *Responsible Charge* of a *Reserve Study* shall render regular

and effective supervision to those individuals performing services that directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a *Reserve Study* of which he was in *Responsible Charge*. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

- The regular and continuous absence from principal office premises from which professional services are rendered, except for the performance of fieldwork or presence in a field office maintained exclusively for a specific project;
- The failure to personally inspect or review the work of subordinates where necessary and appropriate;
- The rendering of a limited, cursory, or perfunctory review of plans or projects in lieu of an appropriate, detailed review;
- The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

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

**SURPLUS:** An actual or projected *Reserve Balance* greater than the *Fully Funded Balance*.

The opposite would be a *Deficit*.

**USEFUL LIFE (UL):** Total *Useful Life* or depreciable life. 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.