



Elk Run Townhouse Owners Association  
Flagstaff, AZ  
Level of Service: "Full"

Report #: 31141-0  
# of Units: 148

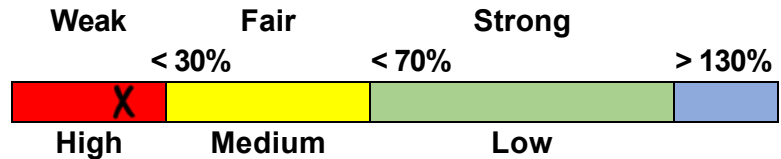
January 1, 2023 through December 31, 2023

Findings & Recommendations

as of January 1, 2023

Projected Starting Reserve Balance	\$512,718
Current Fully Funded Reserve Balance	\$2,288,333
Average Reserve Deficit (Surplus) Per Unit	\$11,997
Percent Funded	22.4 %
Approved 2023 Monthly Reserve Contribution	\$12,000
Recommended 2024 Monthly Reserve Contribution	\$25,000
Recommended 2023 Special Assessment	\$296,000 (\$2,000/Unit)
Recommended 2024 Special Assessment	\$296,000 (\$2,000/Unit)
Recommended 2025 Special Assessment	\$296,000 (\$2,000/Unit)

Reserve Fund Strength: 22.4%



Risk of Special Assessment:

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves	1.00 %
Annual Inflation Rate	3.00 %

This is a "Full" Reserve Study (original, created "from scratch") based on our site inspection on 10/13/2022.

The Reserve expense threshold for this analysis is \$5,000. That means any Reserve related expenses under the threshold are not funded in the Reserve Study and need to be paid from the Operating Budget.

Your Reserve Fund is 22.4 % Funded. This means the Reserve Fund status is Weak, and the HOA's risk of special assessments & deferred maintenance is currently High.

The objective of your multi-year Funding Plan is to Fully Fund Reserves, where associations enjoy a low risk of Reserve cash flow problems.

The HOA has already approved Monthly Reserve contributions of \$12,000 for the 2023 Fiscal Year, which has been factored into the projections of this report. The approved Reserve contributions are not sufficient to meet the anticipated future Reserve expenses, therefore we recommend increasing Monthly Reserve contributions to \$25,000 for the 2024 Fiscal Year. Annual increases are scheduled thereafter to help offset inflation and strengthen Reserves. Going forward, the contribution rate should be increased as illustrated on the 30-Year Summary Table.

Additionally, we recommend a special assessment of \$296,000 (\$2,000/Unit) during each of the 2023, 2024, and 2025 Fiscal Years primarily to help fund rebuilding the decks.

This Reserve Study does not account for every potential expense the HOA may face. Projects deemed unpredictable with regard to timing and cost are typically not included. It is beyond the scope of this Reserve Study to inspect or assess structural conditions of buildings, walls, electrical systems, utilities, plumbing systems, irrigation, drainage, etc. We recommend scheduling periodic inspections by qualified engineers or other industry professionals to assess any potential issues or concerns.

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
<b>GROUNDS</b>				
201	Asphalt - Repave	30	7	\$325,000
205	Asphalt - Seal/Repair	4	0	\$25,000
230	Concrete - Repair	3	0	\$10,000
380	Mailboxes - Replace	30	5	\$65,000
550	Retaining Walls - Repair	5	1	\$10,000
<b>BUILDING EXTERIORS</b>				
1110	Building Exteriors - Paint/Repair	1	0	\$140,000
1220	Wall Lights - Replace	25	5	\$40,000
1260	Decks - Rebuild (A)	30	0	\$500,000
1260	Decks - Rebuild (B)	30	1	\$500,000
1260	Decks - Rebuild (C)	30	2	\$500,000
1280	Garage Doors - Partial Replace	5	3	\$20,000
1305	Shingle Roofs - Replace	25	18	\$1,100,000
1315	Gutters + Downspouts - Repair	5	3	\$10,000
<b>13 Total Funded Components</b>				

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