

**Forest Park Estates  
5700 W. 28<sup>th</sup> Ave.  
Wheat Ridge, CO. 80214**



**Level 1, Premium Reserve Analysis  
Report Period – 01/01/18 – 12/31/18**



**Client Reference Number - 9830  
Property Type – Condominiums**

**Final  
Version**

**Fiscal Year End – December 31  
Number of units- 15  
Date of Property Observation - February 5, 2018**

**Project Manager - G. Michael Kelsen, RS, PRA  
Main Contact Person - Tiffani Willis, CMCA, CAM**

**Report was prepared on - Tuesday, May 01, 2018**

# Table of Contents

## SECTION 1:

|   |          |
|---|----------|
| <b>Introduction to Reserve Analysis</b> .....         | page 1   |
| <b>General Information and Answers to FAQ's</b> ..... | page 2-3 |
| <b>Summary of Reserve Analysis</b> .....              | page 4   |

## SECTION 2:

|   |           |
|---|-----------|
| <b>Physical Analysis (Photographic)</b> ..... | page 1-35 |
|---|-----------|

## SECTION 3:

### **Financial Analysis**

|  |            |
|--|------------|
| a) Funding Summary .....                             | page 1     |
| b) Percent Funded – Graph .....                      | page 2     |
| c) Asset Inventory List .....                        | page 3     |
| d) Significant Components Table.....                 | page 4     |
| e) Significant Components – Graph .....              | page 5     |
| f) Yearly Summary Table .....                        | page 6     |
| g) Yearly Contributions – Graph .....                | page 7     |
| h) Component Funding Information .....               | page 8     |
| i) Yearly Cash Flow Table .....                      | page 9     |
| j) Projected Expenditures Year by Year – Graph ..... | page 10    |
| k) Projected Expenditures Year by Year .....         | page 11-12 |

## SECTION 4:

|  |          |
|--|----------|
| <b>Glossary of Terms and Definitions</b> ..... | page 1-2 |
|--|----------|

## Introduction to the Reserve Analysis –

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

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

The Reserve Analysis is also broken down into two different parts, the Physical Analysis and the Financial Analysis. The Physical Analysis is information regarding the physical status and replacement cost of major common area components that the association is responsible to maintain. It is important to understand that while the Component Inventory will remain relatively "stable" from year to year, the Condition Assessment and Life/Valuation Estimates will most likely vary from year to year. You can find this information in the **Asset Inventory Section** (Section 2) of this Reserve Analysis. The **Financial Analysis Section** is the evaluation of the association's Reserve balance, income, and expenses. This is made up of a finding of the clients current Reserve Fund Status (measured as Percent Funded) and a recommendation for an appropriate Reserve Allocation rate (also known as the Funding Plan). You can find this information in Section 3 (pages 1 – 13) of this Reserve Analysis.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **The Property Observation –**

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

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

## **The Reserve Fund Analysis –**

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

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

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

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

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

## Summary of Forest Park Estates -

Assoc. #09830

|  |                                  |
|--|----------------------------------|
| Projected Starting Balance as of January 1, 2018 - | <b>\$85,330</b>                  |
| Ideal Reserve Balance as of January 1, 2018 -      | <b>\$327,995</b>                 |
| Percent Funded as of January 1, 2018 -             | <b>26%</b>                       |
| Recommended Reserve Allocation (per month) -       | <b>\$2,925</b>                   |
| Minimum Reserve Allocation (per month) -           | <b>\$2,500</b>                   |
| Recommended Special Assessments -                  | <b>\$187,500 (\$12,500/unit)</b> |

Information to complete this Reserve Analysis was gathered during property observation of the common area elements on February 5, 2018. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property. To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property contains 14 condominium style units, and one single family dwelling that were constructed approximately 50 years ago in the early 1970's. Common area amenities the association is responsible to maintain include building exterior surfaces, a driveway and parking spaces, mechanical equipment, landscaping, and an irrigation system. Please refer to the *Projected Reserve Expenditure* table in the Financial Analysis section for a list of when components are scheduled to be addressed.

In comparing the projected balance of \$85,330 versus the ideal Reserve Balance of \$327,995, we find the association Reserve fund to be in a less than average financial position at this point in time (approximately 26% funded of ideal). As a result of the information contained in this report, we find no alternative but to recommend a one-time Special Assessment/Additional funds required of \$187,500 (\$12,500 per unit) to help address the projects recommended to be addressed in 2018. In addition, we find the current budgeted Reserve allocation (\$425 per month) to be less than adequate in increasing the strength of the Reserve fund to prepare for future projects. Therefore, we are recommending a substantial increase of the Reserve contribution to \$2,925 (representing an increase of approximately \$167.00 per unit per month) effective 2018, followed by nominal annual increases of 3.75% thereafter to help offset the effects of inflation. By following the recommendation, the plan will maintain the Reserve account in a positive manner, while gradually increasing to a fully funded position within the thirty-year period.

In the percent Funded graph, you will see we have also provided a "minimum Reserve contribution" of \$2,500 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where additional Special Assessments, deferred maintenance, and lower property values are possible at some point in the future. The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period.

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

Comp #: 103 EPDM Flat Roof - Replace (Condo)



*Observations:*

- The average life for this type of roof ranges between 15 - 20 years, depending on quality of installation and roof materials. It was reported this roof comes with a 25 - 30 year life expectancy, per contractor.

- Roof is being replaced in 2018 with funds from an insurance claim. This is the reason the Useful Life and Remaining life are the same.

*Location:* **Building Roofs**

*Quantity:* **Approx. 65 Squares**

*Life Expectancy:* **25** Remaining Life: **25**

*Best Cost:* **\$87,750**

\$1350/square; Estimate to replace

*Worst Cost:* **\$89,200**

\$1420/square; Higher estimate for more labor

*Source of Information:* Research with contractor

*General Notes:*

**Bridge Roof Between House & Small Building:**  
- **Approx. 200 GSF/100 = 2 Sqs.**

**Units 3-7, 10-14: Approx. 4500 GSF/100 = 45 Sqs.**

**Units 1-2, 8-9: Approx. 1800 GSF/100 = 18 Sqs.**

**Project History:**  
**2018 - Approx. \$90,000**

Comp #: 105 Comp Shingle Roof - Replace (Condo)



Observations:

- It appears this roof material is rated as a 30 - 40 year product. Despite this rating, a life expectancy of 20 - 25 years is expected in this environment. Mansard roofs tend to have a longer life expectancy than pitched roofs due to the vertical surface.
- Due to the potentially harsh winters, extensive freeze/thaw cycle, and likelihood of hail events over the useful life of the roof, we typically see associations replacing roofs sooner than the manufacturer's suggested useful life.
- Roof is being replaced in 2018 with funds from an insurance claim. This is the reason the Useful Life and Remaining life are the same.

Location: **Mansard roof**

Quantity: **Approx. 23 Squares**

Life Expectancy: **25** Remaining Life: **25**

Best Cost: **\$14,400**

\$625/square; Estimate to remove and replace

Worst Cost: **\$15,400**

\$670/square; Higher estimate for more labor costs

Source of Information: Research with contractor

General Notes:

**Units 3-7, 10-14: Approx. 1520 GSF/100 = 15 Sqs.**

**Units 1-2, 8-9: Approx. 800 GSF/100 = 8 Sqs.**

**Project History:**

**- 2018: approximately \$14800**



Comp #: 106 Detached Home Roof - Replace (Unit 15)



Observations:

- It appears this roof material is rated as a 30 - 40 year product. Despite this rating, a life expectancy of 18 - 20 years is expected in this environment.
- Due to the potentially harsh winters, extensive freeze/thaw cycle, and likelihood of hail events over the useful life of the roof, we typically see associations replacing roofs sooner than the manufacturer's suggested useful life.
- Roof is being replaced in 2018 with funds from an insurance claim. This is the reason the Useful Life and Remaining life are the same.

Location: **Detached Building Roof**

Quantity: **Approx. 18 Squares**

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

Best Cost: **\$11,700**

\$650/square; Estimate to remove and replace

Worst Cost: **\$12,425**

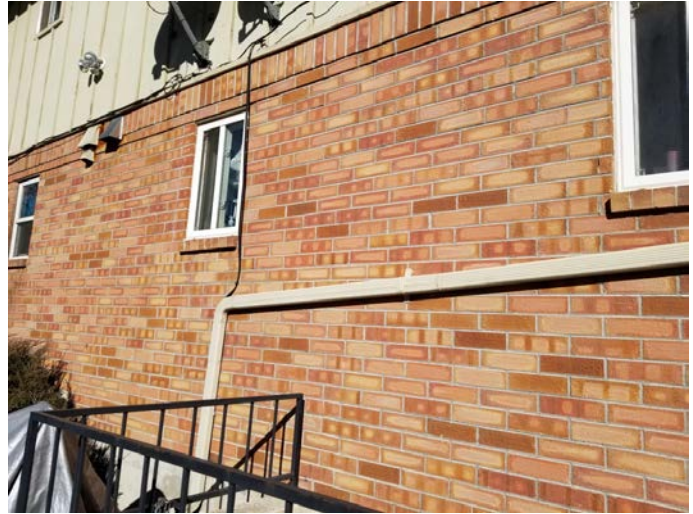
\$690/square; Higher estimate for better quality

Source of Information: Research with contractor

General Notes:

**Approx. 1275 GSF/100 = 12.75 Squares**  
**Over Garage/Carport: Approx. 480 GSF/100 = 5 Sqs.**  
**Project History:**  
**- 2018: Approx.**

Comp #: 120 Gutters/Downspouts - Replace (Condo)



*Observations:*

- It is typical to replace gutters and downspouts at the same time as roofing materials.
- However, due to the small quantity of gutters and downspouts, we recommend replacing with operating funds when needed.

*Location:* **Building Perimeters**

*Quantity:* **Approx. 40 LF**

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

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

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

*Source of Information:*

*General Notes:*

**Units 3-7, 10-14: Approx. 40 LF**

**Units 1-2, 8-9: Scuppers Only**

Comp #: 121 Gutters/Downspouts - Replace (Unit 15)



*Observations:*

- It is typical to replace gutters and downspouts at the same time as roofing materials.
- Therefore, the remaining life reflects the remaining life of the roof as well.
- We recommend cleaning debris out of lines at least once a year to prevent clogging and moisture retention that can lead to advanced deterioration.
- Gutters and downspouts were replaced in 2018 with funds from an insurance claim. This is the reason the Useful Life and Remaining life are the same.

*Location:* **Detached unit bilding Perimeter**

*General Notes:*

*Quantity:* **Approx. 245 LF**

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

*Best Cost:* **\$1,650**

\$6.75/LF: Estimate to replace

*Worst Cost:* **\$2,025**

\$8.25/LF; Higher estimate for more labor

*Source of Information:* Cost Database

Comp #: 204 Building Ext Surfaces - Repaint (Condo)



*Observations:*

- In this climate, it is recommended that exterior surfaces are painted every 5 - 7 years.
- The exact timeframe depends on the color chosen and the level of exposure to elements, as well as the quality of past paint jobs.
- The remaining life is based on the observed conditions.

*Location:* **Condo Building Exteriors**

*Quantity:* **(14) Units**

*Life Expectancy:* **6** *Remaining Life:* **0**

*Best Cost:* **\$7,575**  
\$540/Unit; Estimate to repaint

*Worst Cost:* **\$9,250**  
\$660/unit; Higher estimate for more prep work

*Source of Information:* Estimates received by client

*General Notes:*

**Units 3-7, 10-14**

**Units 1-2, 8-9**

Comp #: 205 Building Ext Surfaces - Repaint (Unit 15)



*Observations:*

- In this climate, it is recommended that exterior surfaces are painted every 5 - 7 years.
- The exact timeframe depends on the color chosen and the level of exposure to elements, as well as the quality of past paint jobs.
- The remaining life is based on the observed conditions.

*Location:* **Detached home (Trim, Soffit, Etc)**

*General Notes:*

*Quantity:* **(1) Unit**

*Life Expectancy:* **6** *Remaining Life:* **0**

*Best Cost:* **\$1,900**

Estimate to repaint building

*Worst Cost:* **\$2,300**

Higher estimate for more prep work

*Source of Information:* Cost database

Comp #: 207 Metal Railing - Repaint



*Observations:*

- In this climate, we recommend repainting this component every 3 - 5 years to maintain appearance and protect metal surfaces.
- Remaining life based on current condition.

*Location:* **See General Notes**

*Quantity:* **Approx. 360 LF**

*Life Expectancy:* **6** *Remaining Life:* **0**

*Best Cost:* **\$2,525**  
\$7.00/LF; Estimate to repaint

*Worst Cost:* **\$2,800**  
\$7.75/LF; Higher estimate for additional prep costs

*Source of Information:* Cost Database

*General Notes:*

**Common Areas: Approx. 20 LF**  
**Units 1-2, 8-9: Approx. 110 LF**  
**Units 3-7, 10-14: Approx. 230 LF**

Comp #: 303 Wood Siding - Repair (Condo)



*Observations:*

- This material typically lasts 30 - 50 years, depending on how well it is maintained throughout the years.
- In order to keep up the appearance of the community and to ensure a maximum life of siding, we have established a Reserve allowance for major repairs and some replacement every other painting cycle.

*Location:* **Condominium building**

*Quantity:* **(14) Units**

*Life Expectancy:* **6** Remaining Life: **0**

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

Allowance for major repairs

*Worst Cost:* **\$13,000**

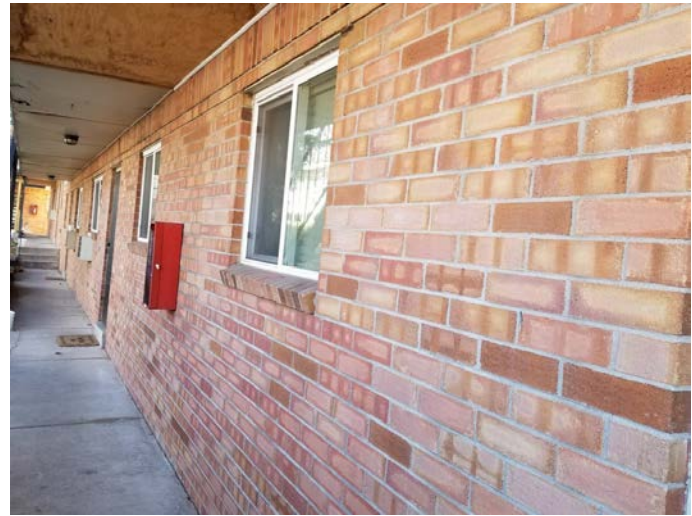
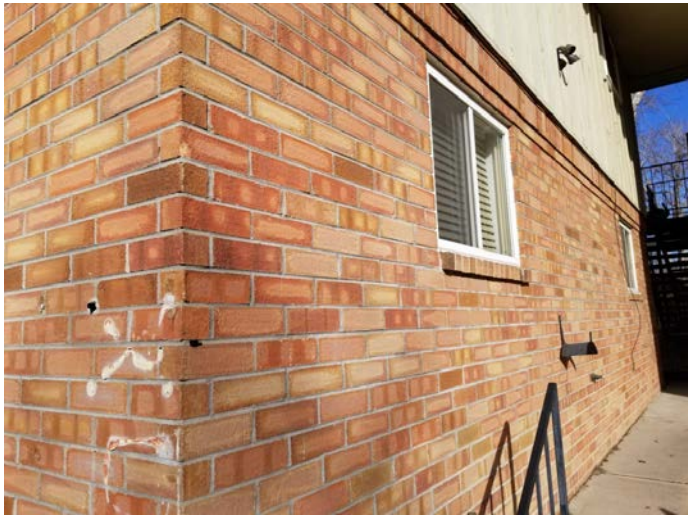
Higher allowance for more repairs

*Source of Information:* Cost Database

*General Notes:*

**Units 3-7, 10-14: Approx. 3,600 GSF**  
**Units 1-2, 8-9: Approx. 1800 GSF**

Comp #: 306 Brick - Major Repairs



*Observations:*

- Reported problems with water leaks through the windows and tuck pointing is necessary.
- There are times where minor repairs may become necessary, but this is unpredictable when and how much would occur.
- Based on the age of the property and the reported problems, we have included an allowance for major repairs and tuck pointing to occur every 5 - 7 years.

*Location:* **Condo building**

*Quantity:* **Approx. 5,400 GSF**

*Life Expectancy:* **6** Remaining Life: **0**

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

Allowance for major repairs

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

Higher allowance for more repairs

*Source of Information:* Cost database

*General Notes:*

**Units 3-7, 10-14: Approx. 3,600 GSF**

**Units 1-2, 8-9: Approx. 1800 GSF**



Comp #: 310 Aluminum Siding - Replace (Unit 15)



*Observations:*

- The average life expectancy is indefinite for this material under normal conditions.
- This material is subject to damage from hail storms, rocks, children, etc.
- Over a period of time, while the siding may still be effective, the appearance becomes deteriorated to a point where replacement may be necessary to restore the appearance of the house.
- Based on the age of the building and the observed good condition, Reserve funding for replacement is not necessary at this time.

*Location:* **Detachedhome**

*Quantity:* **Approx. 1,790 GSF**

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

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

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

*Source of Information:*

*General Notes:*

Comp #: 401 Asphalt - Major Overlay



*Observations:*

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

*Location:* **Throughout Property**

*Quantity:* **Approx. 13,865 GSF**

*Life Expectancy:* **28** Remaining Life: **4**

*Best Cost:* **\$22,875**

\$1.65/GSF; Est. to rotomill and 2" overlay

*Worst Cost:* **\$26,350**

\$1.90/GSF; Higher estimate for more repairs

*Source of Information:* Cost Database

*General Notes:*

**Condo Parking: Approx. 12,945 GSF**

**Single Family Home: Approx. 920 GSF**

Comp #: 402 Asphalt - Surface Application



*Observations:*

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

*Location:* **Throughout Property**

*Quantity:* **Approx. 13,865 GSF**

*Life Expectancy:* **4** Remaining Life: **0**

*Best Cost:* **\$4,800**

Estimate to sealcoat and stripe

*Worst Cost:* **\$5,200**

Higher est. includes repairs/crack fill

*Source of Information:* Cost database

*General Notes:*

**Condo Parking: Approx. 12,945 GSF**

**Single Family Home: Approx. 920 GSF**

**Project History:**

**- 2015: \$4,921.50 on Infrared patching, crack seal, seal coat, striping, and (1) concrete block.**

Comp #: 601 Concrete Flatwork - Partial Replace



*Observations:*

- Similar to other concrete surfaces, it is unlikely that all concrete surfaces will fail and need to be replaced at the same time.
- Therefore, we suggest establishing a Reserve fund for frequent repairs and replacement to a percentage of the area (10% or 220 GSF) every 4 years.
- Coordinate repairs with other concrete surfaces for best cost estimate.

*Location:* **See General Notes**

*Quantity:* **Approx. 2,190 GSF**

*Life Expectancy:* **4** Remaining Life: **0**

*Best Cost:* **\$2,400**

Allowance to repair 10% of area every 4 years

*Worst Cost:* **\$3,100**

Higher allowance for more repairs

*Source of Information:* Cost Database

*General Notes:*

**Common Area: Approx. 635 GSF**

**Units 3-7, 10-14: Approx. 810 GSF**

**Units 1-2, 8-9: Approx. 240 GSF**

**Single Family Home:**

**- Patio: Approx. 405 GSF**

**- Sidewalk: Approx. 100 GSF**

Comp #: 603 Flagstone/Brick Patio - Major Repairs



*Observations:*

- Flagstone and bricks typically has an extended life expectancy and complete replacement is not likely.
- Therefore, at this time, we recommend addressing repairs as an operating expense, and not from the Reserve account.

*Location:* **Single Family Home patio area**

*Quantity:* **Approx. 225 GSF**

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

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

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

*Source of Information:*

*General Notes:*

Comp #: 607 Wood Deck - Replace (Unit 15)



Observations:

- We suggest establishing a life cycle of 25 years at this time.
- If it later turns out that the deterioration rate is not as we expected, then the life and remaining life can be adjusted in future Reserve Study updates.

Location: **Rear Deck**

Quantity: **See General Notes**

Life Expectancy: **30** Remaining Life: **5**

Best Cost: **\$6,500**

Estimate to replace

Worst Cost: **\$7,800**

Higher estimate for more labor

Source of Information: Cost Database

General Notes:

**Rear Deck: Approx. 90 GSF**

**Stairs:**

- Treads: (5)
- Stringers: Approx. 10 LF
- Rail: Approx. 18 LF

Comp #: 611 Stairway Systems/Deck - Replacement



Observations:

- The stair systems and catwalks are in very poor condition and have reached the end of their useful lives.
- It was reported that the association is deciding between several bids to replace this component.
- Depending on the materials used when replacement happens, useful life can be adjusted during future updates to the report.

Location: **See General Notes**

Quantity: **See General Notes**

Life Expectancy: **40** Remaining Life: **0**

Best Cost: **\$175,000**

Average estimate to replace

Worst Cost: **\$195,000**

Higher estimate for more labor

Source of Information: Estimates received by client

General Notes:

**Units 3-7, 10-14:**

- Treads: (45)
- Stringers: Approx. 90 LF
- Rail: Approx. 200 LF
- Wood Deck: Approx. 440 GSF

**Units 1-2, 8-9:**

- Treads: (27)
- Stringers: Approx. 57 LF
- Rail: Approx. 110 LF
- Wood Deck: Approx. 135 GSF

**Project History:**

**2018: Bids received to complete**

- AGS - \$261,676
- Clarion Designs - \$249,172
- Project X - \$306,094

Comp #: 702 Boilers/Storage Tank - Replace



*Observations:*

- Boiler has reached the end of its life expectancy and needs to be replaced.
- Service vendor has suggested a few options, but a final decision has not been arrived at as of printing of this report.
- Our estimate is based on a conversation with the vendor and the average costs of the options.

*Location:* **Mechanical Room**

*Quantity:* **(1) Boiler**

*Life Expectancy:* **30** Remaining Life: **0**

*Best Cost:* **\$38,000**

Estimate to replace

*Worst Cost:* **\$42,000**

Higher estimate for more labor

*Source of Information:* Research with contractor

*General Notes:*

**Boiler:**  
**Ajax Water Heating Boiler:**  
- M/N: WG-675  
- S/N: 72-25582  
- 540,000 BTU

**Storage Tank:**  
**Raypak: 115 Gallon**  
- M/N: RSS115A-5  
- S/N: RP 0411D05057  
- 04/2011



Comp #: 721 Expansion Tank - Replace



*Observations:*

- Under normal conditions and without sudden pressurization, these tanks typically have an indefinite life expectancy.
- However, due to the recent failures at similar properties, we have included Reserve funding to replace tanks every 15 - 20 years.
- If no problems arise in the future, then extend the life expectancies in future Reserve Study updates.

*Location:* **Mechanical Room**

*Quantity:* **(1) Amtrol Tank**

*Life Expectancy:* **20** *Remaining Life:* **10**

*Best Cost:* **\$1,350**

Estimate to replace

*Worst Cost:* **\$1,600**

Higher estimate for more labor

*Source of Information:* Cost Database

*General Notes:*

Comp #: 803 Mailboxes - Replace



*Observations:*

- Two of the doors are not closing properly.
- According to several manufacturers, the typical life expectancy for this type of mailbox is 15 - 20 years in this environment.
- Remaining life is based on average age of all units.
- Per new Postal regulations effective 2012, "all customers are responsible for repairs and replacement of keys, locks, or the boxes/cluster units themselves".

*Location:* **Common Area**

*Quantity:* **(20) Boxes**

*Life Expectancy:* **18** *Remaining Life:* **6**

*Best Cost:* **\$1,500**

\$75/box; Estimate to replace boxes

*Worst Cost:* **\$1,800**

\$90/box; Higher estimate

*Source of Information:* Cost Database

*General Notes:*

Comp #: 1001 Wood Fencing - Replace



*Observations:*

- The replacement cycle is based on the observed quality of fence installed and the current condition.
- In our experience, fences have a replacement cycle of 20 - 25 years
- The remaining life is based on age of fence and observed conditions.

*Location:* **South Perimeter**

*Quantity:* **Approx. 50 LF**

*Life Expectancy:* **25** *Remaining Life:* **2**

*Best Cost:* **\$1,650**  
\$33/LF; Estimate to replace

*Worst Cost:* **\$1,900**  
\$38/LF: Higher estimate for better quality

*Source of Information:* Cost Database

*General Notes:*

Comp #: 1002 Hand Railing - Replace



*Observations:*

- Due to the small quantity of railing separate from the stairs, we recommend handling these rails on an as needed basis with operating funds.
- No Reserve funding is necessary at this time

*Location:* **See General Notes**

*Quantity:* **Approx. 75 LF**

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

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

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

*Source of Information:*

*General Notes:*

- Metal:**
- **Common Areas: Approx. 20 LF**
  - **Units 3-7, 10-14: Approx. 30 LF**

**Wood: 25**

Comp #: 1003 Chain Link Fencing - Replace



*Observations:*

- Fence is shared with neighboring property owner. It was reported the neighbor is fully responsible for the fence
- Therefore, Reserve funding is not required for this component.

*Location:* **Property perimeter**

*Quantity:* **Approx. 235 LF**

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

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

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

*Source of Information:*

*General Notes:*

**East:**  
- 6 Feet: **Approx. 135 LF**  
- 4 Feet: **Approx. 30 LF**  
**South: With Wood Slats**  
- **Approx. 70 LF**

Comp #: 1007 Railroad Ties - Replace



*Observations:*

- Due to the small area and undefined life expectancy, these should be replaced on an as needed basis with general operating funds.

*Location:* **Throughout Property**

*Quantity:* **Approx. 205 LF**

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

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

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

*Source of Information:*

*General Notes:*

Comp #: 1010 Trash Enclosure - Replace



*Observations:*

- Expect frequent repairs and replacement to the gates and possibly the fencing due to the exposure to elements and high probability of abuse from rubbish companies.

- We expect repairs to the broken slats will be performed as an operating expense and extend the replacement cycle by about 4 - 5 years.

*Location:* **Parking Lot Area**

*Quantity:* **(1) Enclosure**

*Life Expectancy:* **12** *Remaining Life:* **5**

*Best Cost:* **\$2,575**

Allowance for major repairs

*Worst Cost:* **\$3,135**

Higher allowance for more repairs

*Source of Information:* Cost Database

*General Notes:*

**Wood Fence: Approx. 45 LF**  
**Rolling Gate: 12'**

Comp #: 1602 Exterior Wall Mount - Replace (Condo)



**Observations:**

- Lights will be replaced as part of the deck project.
- While future replacement can occur on an as needed basis, it is our opinion and recommendation to replace all lights at the same time every 15 - 20 years to maintain a consistent appearance throughout the property.

**Location:** See General Notes

**Quantity:** (15) Lights

**Life Expectancy:** 17 Remaining Life: 0

**Best Cost:** \$2,625  
\$175/light; Estimate to replace

**Worst Cost:** \$3,000  
\$200/light; Higher estimate for better quality

**Source of Information:** Cost Database

**General Notes:**

**Bridge Between Buildings: (2) Ceiling Lights**

**Units 3-7, 10-14:**  
 - (8) Ceiling Lights  
 - (1) Flood

**Units 1-2, 8-9:**  
 - (4) Ceiling Lights  
 - (0) Flood

**Estimates received:**  
 2018 - \$950 (install 20 lights - price includes an \$830 discount for bulk lights and first time client)  
 2018 - \$40 per ceiling mount, \$130/wal pak  
 2018 - \$3350 (labor and materials)



Comp #: 1603 Exterior Wall Mount - Replace (Unit 15)



*Observations:*

- Due to the minimal cost to replace these lights, Reserve funding is not appropriate.
- Repair and replace as necessary as an operating expense.

*Location:* **Building Exteriors**

*Quantity:* **(4) Lights**

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

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

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

*Source of Information:*

*General Notes:*

**Wall Light: (1)**  
**Motion Light: (1)**  
**Flood Lights: (2)**

Comp #: 1604 Pole Light - Replace



*Observations:*

- Only one light does not warrant Reserve funding.
- Replace fixture and repaint pole on an as needed basis with general operating funds.

*Location:* **Throughout Property**

*Quantity:* **(1) 4' Light**

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

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

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

*Source of Information:*

*General Notes:*

Comp #: 1701 Irrigation System - Major Repairs



*Observations:*

- This line item is for repairs and replacement that lies outside the scope of routine maintenance: bulk sprinkler head replacement, bulk valve replacement, rerouting lateral lines, rewiring, etc.
- In order to ensure the funds are available for major repairs, we recommend reserving funds for these projects every 4 - 5 years.
- The funding on this line item is for major repairs and is not to be interpreted as complete irrigation system replacement.

*Location:* **Throughout Property**

*Quantity:* **Small system**

*Life Expectancy:* **5** *Remaining Life:* **2**

*Best Cost:* **\$2,500**

Allowance for major repairs

*Worst Cost:* **\$3,000**

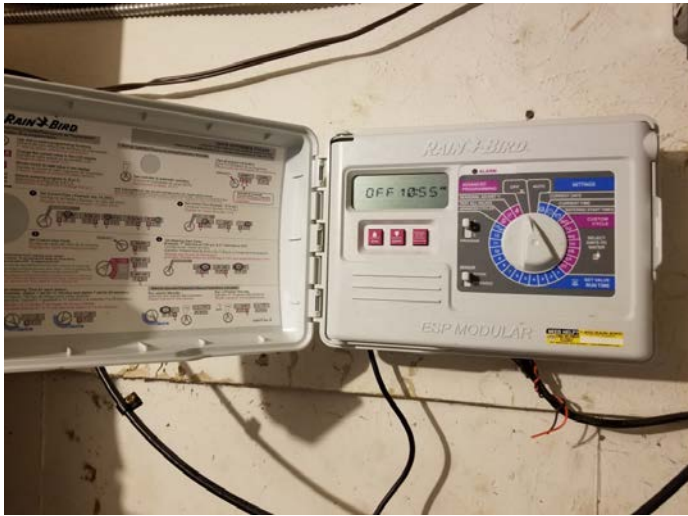
Higher allowance for more repairs

*Source of Information:* Cost Database

*General Notes:*

**Expense history -  
Proposed - \$1200 (addition to existing system for front house)**

Comp #: 1703 Irrigation Controllers - Replace



Observations:

- Due to the low replacement cost of the individual controller, we have included funding for replacement in the irrigation system line item.

Location: **Mechanical Room**

Quantity: **(1) Rain Bird Controller**

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

Best Cost: **\$0**

Worst Cost: **\$0**

General Notes:

**M/N: ESP-M**  
**S/N: 2365689**  
**15FE10**

Source of Information:

Comp #: 1801 Groundcover - Replenish



Observations:

- This line item, similar to irrigation repairs, is for projects that lie outside the scope of routine maintenance.
- In order to preserve an attractive curb appeal and to maintain the health of the plants and shrubs, we recommend reserving for refurbishment projects every 5 - 7 years.
- This line item is for cyclical refurbishment and should not be considered as complete re-landscaping replacement.

Location: **Throughout Property**

Quantity: **Extensive**

Life Expectancy: **7** Remaining Life: **0**

Best Cost: **\$11,000**

Estimate for major renovation of landscape

Worst Cost: **\$13,000**

Higher allowance for more material

Source of Information: Cost Database

General Notes:

**Expense history -**  
**Proposed - \$11975 (details on proposal from TLC Land Care)**  
**Proposed - \$7350 (details on proposal from Arbor X Pro Tree)**

Comp #: 1804 Tree - Replacement/Major Maintenance



*Observations:*

- It is very difficult to predict a replacement cycle for trees as there are several factors such as disease, infestation of insects, heavy snow storms, etc. can all attribute to eventual tree replacement.
- Since it is difficult to predict when the replacement will be necessary, Reserve funding is typically not a factor.
- Therefore, unless requested by the association, Reserve funding will not be included as part of the study for this component.
- Allowance for major pruning and maintenance is included with component #1801 at this time.

*Location:* **Throughout Property**

*General Notes:*

*Quantity:* **Moderate**

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

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

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

*Source of Information:*

Comp #: 2001 Sewer System - Major Repairs



*Observations:*

- Reported low area in main sewer line, but no estimates had been received as of printing of this report.
- Underground utility systems are not typically included in a Reserve report.
- The reason behind this is due to the unpredictable nature of when/if replacement or major repairs will be necessary and also the variable nature of how much these repairs , if needed, would cost.
- However, due to the reported problems with the low area and the age of the building, we have included an allowance for major repairs. Exact cost will vary depending on the exact scope of work that is necessary.

*Location:* **Common areas**

*General Notes:*

*Quantity:* **Moderate system**

*Life Expectancy:* **4** *Remaining Life:* **0**

*Best Cost:* **\$6,500**

Allowance for major repairs

*Worst Cost:* **\$7,000**

Higher allowance for more repairs

*Source of Information:* Cost Database

Comp #: 2002 Plumbing



*Observations:*

- Reported that a plumber has had to repeatedly come back to the property for broken pipes and leaks. Per service vendor, there is no way to provide an exact figure for future repair calls
- An allowance has been included for major repairs to the plumbing system. Once a more accurate history of expenses occurs, the estimate can be adjusted in future Reserve Study updates.

*Location:* **Throughout Building**

*Quantity:* **Extensive**

*Life Expectancy:* **3** *Remaining Life:* **2**

*Best Cost:* **\$8,550**

Allowance for major repairs

*Worst Cost:* **\$10,450**

Higher allowance for more repairs

*Source of Information:* Past client cost

*General Notes:*



Comp #: 2003 Electrical System



*Observations:*

- Since the life of expectancy of electrical systems is unpredictable, Reserve funding is not typically included for this component.
- It was also reported that the individual owner is responsible for upgrading their own panels, as well as any wiring upgrades that are necessary.
- Therefore, at this time, Reserve funding is not required for this component.

*Location:* **Common walls**

*Quantity:* **Extensive lines**

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

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

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

*Source of Information:*

*General Notes:*

## Funding Summary For Forest Park Estates

### **Beginning Assumptions**

|   |                      |
|---|----------------------|
| Financial Information Source                        | Research With Client |
| # of units  | 15                   |
| Fiscal Year End                                     | December 31, 2018    |
| Monthly Dues from 2017 budget                       | \$4,225.00           |
| Monthly Reserve Allocation from 2017 Budget         | \$425.00             |
| Projected Starting Reserve Balance (as of 1/1/2018) | \$85,330             |
| <b>Reserve Balance: Average Per Unit</b>            | <b>\$5,689</b>       |
| Ideal Starting Reserve Balance (as of 1/1/2018)     | \$327,995            |
| Ideal Reserve Balance: Average Per Unit             | \$21,866             |

### **Economic Factors**

|  |       |
|--|-------|
| Past 20 year Average Inflation Rate (Based on CCI) | 3.75% |
| Current Average Interest Rate                      | 1.00% |

### **Current Reserve Status**

|   |     |
|---|-----|
| Current Balance as a % of Ideal Balance | 26% |
|---|-----|

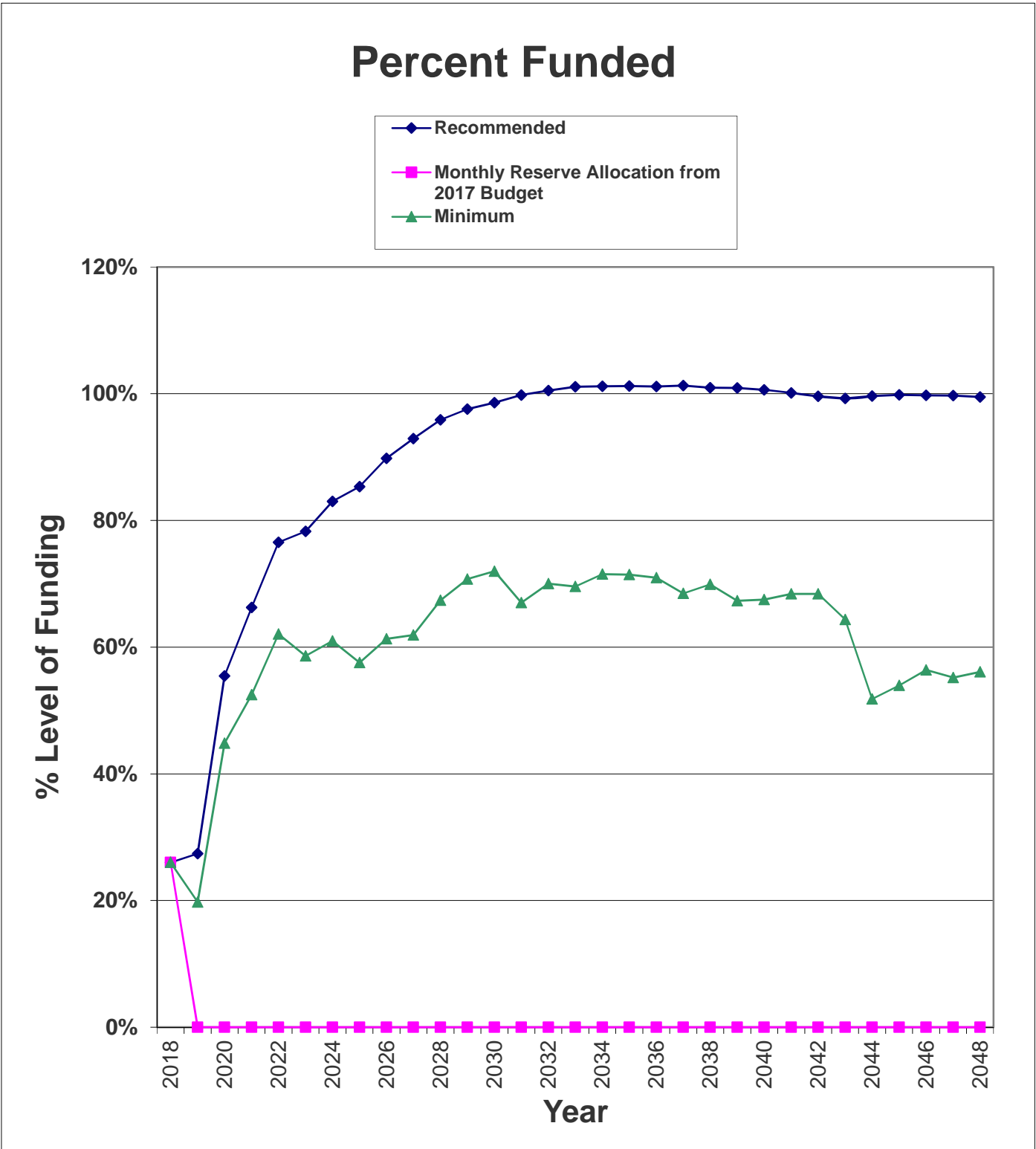
### **Recommendations for 2018 Fiscal Year**

|                                    |           |
|------------------------------------|-----------|
| Monthly Reserve Allocation         | \$2,925   |
| Per Unit                           | \$195.00  |
| Minimum Monthly Reserve Allocation | \$2,500   |
| Per Unit                           | \$166.67  |
| Primary Annual Increases           | 3.75%     |
| # of Years                         | 30        |
| Additional Funds Required          | \$187,500 |
| Per Unit                           | \$12,500  |

### **Changes From Prior Year (2017 to 2018)**

|   |          |
|---|----------|
| Increase/Decrease to Reserve Allocation | \$2,500  |
| as Percentage                           | 588%     |
| Average Per Unit                        | \$166.67 |

Percent Funded Graph For Forest Park Estates



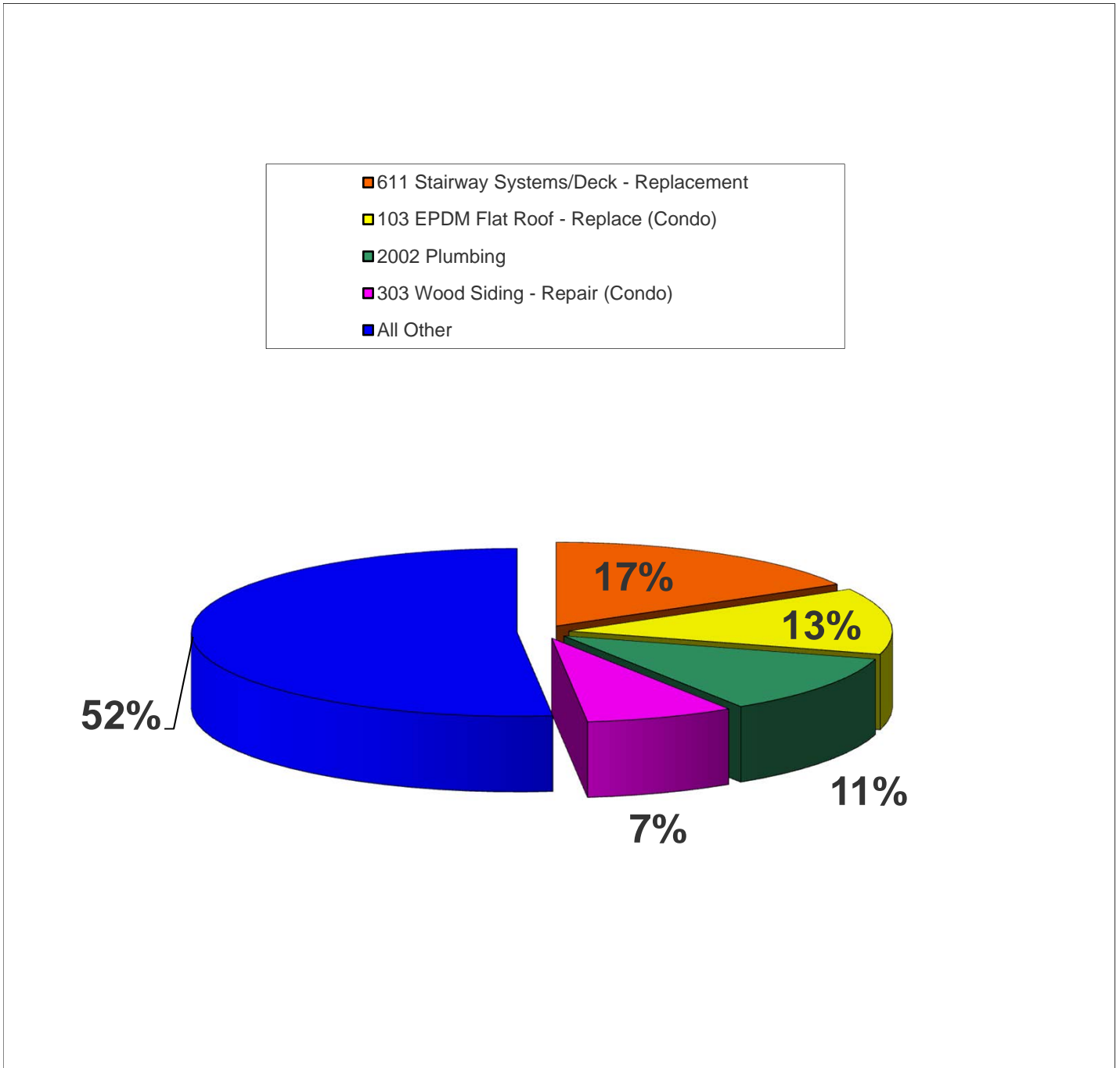
## Component Inventory for Forest Park Estates

| Category             | Asset # | Asset Name                                | UL  | RUL | Best Cost | Worst Cost |
|----------------------|---------|---|-----|-----|-----------|------------|
| Roofing              | 103     | EPDM Flat Roof - Replace (Condo)          | 25  | 25  | \$87,750  | \$89,200   |
|                      | 105     | Comp Shingle Roof - Replace (Condo)       | 25  | 25  | \$14,400  | \$15,400   |
|                      | 106     | Detached Home Roof - Replace (Unit 15)    | 20  | 20  | \$11,700  | \$12,425   |
|                      | 120     | Gutters/Downspouts - Replace (Condo)      | N/A |     | \$0       | \$0        |
|                      | 121     | Gutters/Downspouts - Replace (Unit 15)    | 20  | 20  | \$1,650   | \$2,025    |
| Painted Surfaces     | 204     | Building Ext Surfaces - Repaint (Condo)   | 6   | 0   | \$7,575   | \$9,250    |
|                      | 205     | Building Ext Surfaces - Repaint (Unit 15) | 6   | 0   | \$1,900   | \$2,300    |
|                      | 207     | Metal Railing - Repaint                   | 6   | 0   | \$2,525   | \$2,800    |
| Siding Materials     | 303     | Wood Siding - Repair (Condo)              | 6   | 0   | \$11,500  | \$13,000   |
|                      | 306     | Brick - Major Repairs                     | 6   | 0   | \$10,000  | \$12,500   |
|                      | 310     | Aluminum Siding - Replace (Unit 15)       | N/A |     | \$0       | \$0        |
| Drive Materials      | 401     | Asphalt - Major Overlay                   | 28  | 4   | \$22,875  | \$26,350   |
|                      | 402     | Asphalt - Surface Application             | 4   | 0   | \$4,800   | \$5,200    |
| Walking Surfaces     | 601     | Concrete Flatwork - Partial Replace       | 4   | 0   | \$2,400   | \$3,100    |
|                      | 603     | Flagstone/Brick Patio - Major Repairs     | N/A |     | \$0       | \$0        |
|                      | 607     | Wood Deck - Replace (Unit 15)             | 30  | 5   | \$6,500   | \$7,800    |
|                      | 611     | Stairway Systems/Deck - Replacement       | 40  | 0   | \$175,000 | \$195,000  |
| Mechanical Equip.    | 702     | Boilers/Storage Tank - Replace            | 30  | 0   | \$38,000  | \$42,000   |
|                      | 721     | Expansion Tank - Replace                  | 20  | 10  | \$1,350   | \$1,600    |
| Prop. Identification | 803     | Mailboxes - Replace                       | 18  | 6   | \$1,500   | \$1,800    |
| Fencing/Walls        | 1001    | Wood Fencing - Replace                    | 25  | 2   | \$1,650   | \$1,900    |
|                      | 1002    | Hand Railing - Replace                    | N/A |     | \$0       | \$0        |
|                      | 1003    | Chain Link Fencing - Replace              | N/A |     | \$0       | \$0        |
|                      | 1007    | Railroad Ties - Replace                   | N/A |     | \$0       | \$0        |
|                      | 1010    | Trash Enclosure - Replace                 | 12  | 5   | \$2,575   | \$3,135    |
| Light Fixtures       | 1602    | Exterior Wall Mount - Replace (Condo)     | 17  | 0   | \$2,625   | \$3,000    |
|                      | 1603    | Exterior Wall Mount - Replace (Unit 15)   | N/A |     | \$0       | \$0        |
|                      | 1604    | Pole Light - Replace                      | N/A |     | \$0       | \$0        |
| Irrig. System        | 1701    | Irrigation System - Major Repairs         | 5   | 2   | \$2,500   | \$3,000    |
|                      | 1703    | Irrigation Controllers - Replace          | N/A |     | \$0       | \$0        |
| Landscaping          | 1801    | Groundcover - Replenish                   | 7   | 0   | \$11,000  | \$13,000   |
|                      | 1804    | Tree - Replacement/Major Maintenance      | N/A |     | \$0       | \$0        |
| Miscellaneous        | 2001    | Sewer System - Major Repairs              | 4   | 0   | \$6,500   | \$7,000    |
|                      | 2002    | Plumbing                                  | 3   | 2   | \$8,550   | \$10,450   |
|                      | 2003    | Electrical System                         | N/A |     | \$0       | \$0        |

## Significant Components For Forest Park Estates

| ID   | Asset Name                                | UL | RUL | Ave Curr<br>Cost | Significance:<br>(Curr Cost/UL) |          |
|------|---|----|-----|------------------|---------------------------------|----------|
|      |   |    |     |                  | As \$                           | As %     |
| 103  | EPDM Flat Roof - Replace (Condo)          | 25 | 25  | \$88,475         | \$3,539                         | 12.7698% |
| 105  | Comp Shingle Roof - Replace (Condo)       | 25 | 25  | \$14,900         | \$596                           | 2.1505%  |
| 106  | Detached Home Roof - Replace (Unit 15)    | 20 | 20  | \$12,063         | \$603                           | 2.1763%  |
| 121  | Gutters/Downspouts - Replace (Unit 15)    | 20 | 20  | \$1,838          | \$92                            | 0.3315%  |
| 204  | Building Ext Surfaces - Repaint (Condo)   | 6  | 0   | \$8,413          | \$1,402                         | 5.0591%  |
| 205  | Building Ext Surfaces - Repaint (Unit 15) | 6  | 0   | \$2,100          | \$350                           | 1.2629%  |
| 207  | Metal Railing - Repaint                   | 6  | 0   | \$2,663          | \$444                           | 1.6012%  |
| 303  | Wood Siding - Repair (Condo)              | 6  | 0   | \$12,250         | \$2,042                         | 7.3669%  |
| 306  | Brick - Major Repairs                     | 6  | 0   | \$11,250         | \$1,875                         | 6.7656%  |
| 401  | Asphalt - Major Overlay                   | 28 | 4   | \$24,613         | \$879                           | 3.1718%  |
| 402  | Asphalt - Surface Application             | 4  | 0   | \$5,000          | \$1,250                         | 4.5104%  |
| 601  | Concrete Flatwork - Partial Replace       | 4  | 0   | \$2,750          | \$688                           | 2.4807%  |
| 607  | Wood Deck - Replace (Unit 15)             | 30 | 5   | \$7,150          | \$238                           | 0.8600%  |
| 611  | Stairway Systems/Deck - Replacement       | 40 | 0   | \$185,000        | \$4,625                         | 16.6884% |
| 702  | Boilers/Storage Tank - Replace            | 30 | 0   | \$40,000         | \$1,333                         | 4.8111%  |
| 721  | Expansion Tank - Replace                  | 20 | 10  | \$1,475          | \$74                            | 0.2661%  |
| 803  | Mailboxes - Replace                       | 18 | 6   | \$1,650          | \$92                            | 0.3308%  |
| 1001 | Wood Fencing - Replace                    | 25 | 2   | \$1,775          | \$71                            | 0.2562%  |
| 1010 | Trash Enclosure - Replace                 | 12 | 5   | \$2,855          | \$238                           | 0.8585%  |
| 1602 | Exterior Wall Mount - Replace (Condo)     | 17 | 0   | \$2,813          | \$165                           | 0.5970%  |
| 1701 | Irrigation System - Major Repairs         | 5  | 2   | \$2,750          | \$550                           | 1.9846%  |
| 1801 | Groundcover - Replenish                   | 7  | 0   | \$12,000         | \$1,714                         | 6.1857%  |
| 2001 | Sewer System - Major Repairs              | 4  | 0   | \$6,750          | \$1,688                         | 6.0890%  |
| 2002 | Plumbing                                  | 3  | 2   | \$9,500          | \$3,167                         | 11.4263% |

## Significant Components Graph For Forest Park Estates

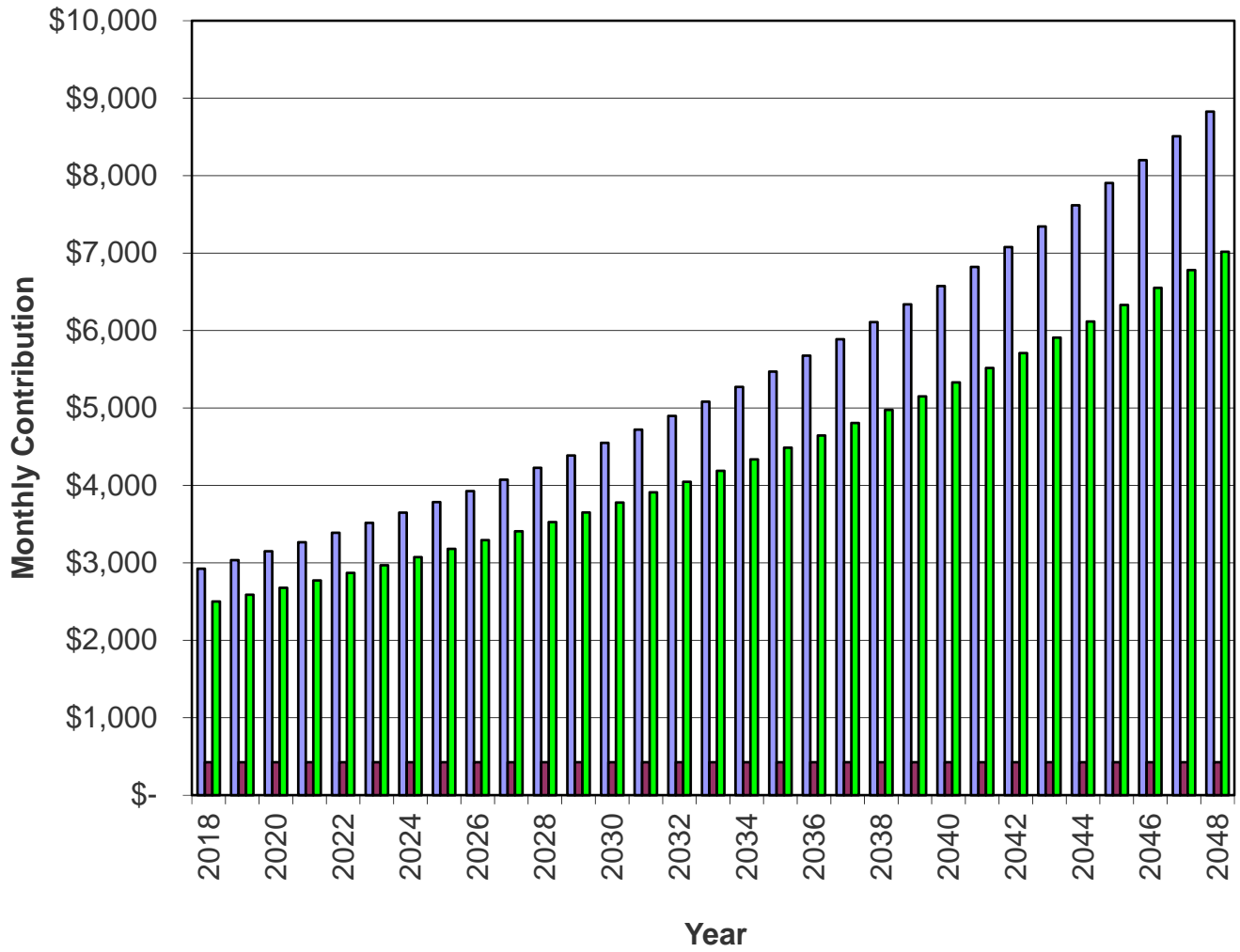
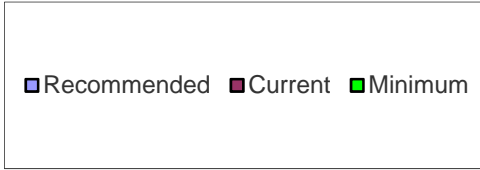


| Asset ID  | Asset Name  | UL | RUL | Average Curr. Cost | Significance:<br>(Curr Cost/UL) |      |
|-----------|---|----|-----|--------------------|---------------------------------|------|
|           |   |    |     |                    | As \$                           | As % |
| 611       | Stairway Systems/Deck - Replacement                   | 40 | 0   | \$185,000          | \$4,625                         | 17%  |
| 103       | EPDM Flat Roof - Replace (Condo)                      | 25 | 25  | \$88,475           | \$3,539                         | 13%  |
| 2002      | Plumbing  | 3  | 2   | \$9,500            | \$3,167                         | 11%  |
| 303       | Wood Siding - Repair (Condo)                          | 6  | 0   | \$12,250           | \$2,042                         | 7%   |
| All Other | See Expanded Table on Page 4 For Additional Breakdown |    |     |                    | \$14,342                        | 52%  |

## Yearly Summary For Forest Park Estates

| <b>Fiscal Year Start</b> | <b>Fully Funded Balance</b> | <b>Starting Reserve Balance</b> | <b>Percent Funded</b> | <b>Annual Reserve Contribs</b> | <b>Additional Funds Req'd</b> | <b>Interest Income</b> | <b>Reserve Expenses</b> |
|--------------------------|-----------------------------|---------------------------------|-----------------------|--------------------------------|-------------------------------|------------------------|-------------------------|
| 2018                     | \$327,995                   | \$85,330                        | 26%                   | \$35,100                       | \$187,500                     | \$1,456                | \$290,988               |
| 2019                     | \$67,148                    | \$18,398                        | 27%                   | \$36,416                       | \$0                           | \$368                  | \$0                     |
| 2020                     | \$99,498                    | \$55,182                        | 55%                   | \$37,782                       | \$0                           | \$668                  | \$15,097                |
| 2021                     | \$118,516                   | \$78,536                        | 66%                   | \$39,199                       | \$0                           | \$986                  | \$0                     |
| 2022                     | \$155,071                   | \$118,720                       | 77%                   | \$40,669                       | \$0                           | \$1,169                | \$45,318                |
| 2023                     | \$147,184                   | \$115,240                       | 78%                   | \$42,194                       | \$0                           | \$1,252                | \$23,447                |
| 2024                     | \$162,942                   | \$135,239                       | 83%                   | \$43,776                       | \$0                           | \$1,338                | \$47,798                |
| 2025                     | \$155,322                   | \$132,555                       | 85%                   | \$45,418                       | \$0                           | \$1,464                | \$19,086                |
| 2026                     | \$178,550                   | \$160,351                       | 90%                   | \$47,121                       | \$0                           | \$1,686                | \$32,219                |
| 2027                     | \$190,419                   | \$176,938                       | 93%                   | \$48,888                       | \$0                           | \$2,023                | \$0                     |
| 2028                     | \$237,607                   | \$227,849                       | 96%                   | \$50,721                       | \$0                           | \$2,533                | \$2,131                 |
| 2029                     | \$285,856                   | \$278,972                       | 98%                   | \$52,623                       | \$0                           | \$2,995                | \$14,243                |
| 2030                     | \$324,906                   | \$320,347                       | 99%                   | \$54,596                       | \$0                           | \$3,071                | \$83,878                |
| 2031                     | \$294,791                   | \$294,137                       | 100%                  | \$56,644                       | \$0                           | \$3,239                | \$0                     |
| 2032                     | \$352,247                   | \$354,020                       | 101%                  | \$58,768                       | \$0                           | \$3,671                | \$35,997                |
| 2033                     | \$376,250                   | \$380,461                       | 101%                  | \$60,972                       | \$0                           | \$4,128                | \$0                     |
| 2034                     | \$440,307                   | \$445,562                       | 101%                  | \$63,258                       | \$0                           | \$4,663                | \$26,132                |
| 2035                     | \$481,526                   | \$487,350                       | 101%                  | \$65,630                       | \$0                           | \$5,057                | \$33,502                |
| 2036                     | \$518,587                   | \$524,535                       | 101%                  | \$68,092                       | \$0                           | \$5,254                | \$71,147                |
| 2037                     | \$519,998                   | \$526,734                       | 101%                  | \$70,645                       | \$0                           | \$5,646                | \$0                     |
| 2038                     | \$597,369                   | \$603,025                       | 101%                  | \$73,294                       | \$0                           | \$6,029                | \$79,141                |
| 2039                     | \$597,703                   | \$603,207                       | 101%                  | \$76,043                       | \$0                           | \$6,311                | \$25,997                |
| 2040                     | \$655,437                   | \$659,564                       | 101%                  | \$78,894                       | \$0                           | \$6,991                | \$6,181                 |
| 2041                     | \$738,231                   | \$739,268                       | 100%                  | \$81,853                       | \$0                           | \$7,727                | \$22,154                |
| 2042                     | \$809,982                   | \$806,693                       | 100%                  | \$84,922                       | \$0                           | \$7,889                | \$127,807               |
| 2043                     | \$777,324                   | \$771,697                       | 99%                   | \$88,107                       | \$0                           | \$6,892                | \$259,489               |
| 2044                     | \$609,429                   | \$607,207                       | 100%                  | \$91,411                       | \$0                           | \$6,435                | \$24,741                |
| 2045                     | \$681,496                   | \$680,312                       | 100%                  | \$94,839                       | \$0                           | \$7,249                | \$12,226                |
| 2046                     | \$772,057                   | \$770,174                       | 100%                  | \$98,395                       | \$0                           | \$7,858                | \$74,287                |
| 2047                     | \$804,540                   | \$802,140                       | 100%                  | \$102,085                      | \$0                           | \$8,391                | \$35,933                |

# Reserve Contributions





## Component Funding Information For Forest Park Estates

| <b>ID</b> | <b>Component Name</b>                     | <b>Ave<br/>Current<br/>Cost</b> | <b>Ideal<br/>Balance</b> | <b>Current<br/>Fund<br/>Balance</b> | <b>Monthly</b> |
|-----------|---|---------------------------------|--------------------------|-------------------------------------|----------------|
| 103       | EPDM Flat Roof - Replace (Condo)          | \$88,475                        | \$0                      | \$0                                 | \$373.52       |
| 105       | Comp Shingle Roof - Replace (Condo)       | \$14,900                        | \$0                      | \$0                                 | \$62.90        |
| 106       | Detached Home Roof - Replace (Unit 15)    | \$12,063                        | \$0                      | \$0                                 | \$63.66        |
| 121       | Gutters/Downspouts - Replace (Unit 15)    | \$1,838                         | \$0                      | \$0                                 | \$9.70         |
| 204       | Building Ext Surfaces - Repaint (Condo)   | \$8,413                         | \$8,413                  | \$8,413                             | \$147.98       |
| 205       | Building Ext Surfaces - Repaint (Unit 15) | \$2,100                         | \$2,100                  | \$2,100                             | \$36.94        |
| 207       | Metal Railing - Repaint                   | \$2,663                         | \$2,663                  | \$2,663                             | \$46.83        |
| 303       | Wood Siding - Repair (Condo)              | \$12,250                        | \$12,250                 | \$12,250                            | \$215.48       |
| 306       | Brick - Major Repairs                     | \$11,250                        | \$11,250                 | \$11,250                            | \$197.89       |
| 401       | Asphalt - Major Overlay                   | \$24,613                        | \$21,096                 | \$0                                 | \$92.77        |
| 402       | Asphalt - Surface Application             | \$5,000                         | \$5,000                  | \$5,000                             | \$131.93       |
| 601       | Concrete Flatwork - Partial Replace       | \$2,750                         | \$2,750                  | \$2,750                             | \$72.56        |
| 607       | Wood Deck - Replace (Unit 15)             | \$7,150                         | \$5,958                  | \$0                                 | \$25.15        |
| 611       | Stairway Systems/Deck - Replacement       | \$185,000                       | \$185,000                | \$40,905                            | \$488.13       |
| 702       | Boilers/Storage Tank - Replace            | \$40,000                        | \$40,000                 | \$0                                 | \$140.72       |
| 721       | Expansion Tank - Replace                  | \$1,475                         | \$738                    | \$0                                 | \$7.78         |
| 803       | Mailboxes - Replace                       | \$1,650                         | \$1,100                  | \$0                                 | \$9.67         |
| 1001      | Wood Fencing - Replace                    | \$1,775                         | \$1,633                  | \$0                                 | \$7.49         |
| 1010      | Trash Enclosure - Replace                 | \$2,855                         | \$1,665                  | \$0                                 | \$25.11        |
| 1602      | Exterior Wall Mount - Replace (Condo)     | \$2,813                         | \$2,813                  | \$0                                 | \$17.46        |
| 1701      | Irrigation System - Major Repairs         | \$2,750                         | \$1,650                  | \$0                                 | \$58.05        |
| 1801      | Groundcover - Replenish                   | \$12,000                        | \$12,000                 | \$0                                 | \$180.93       |
| 2001      | Sewer System - Major Repairs              | \$6,750                         | \$6,750                  | \$0                                 | \$178.10       |
| 2002      | Plumbing                                  | \$9,500                         | \$3,167                  | \$0                                 | \$334.22       |

## Yearly Cash Flow For Forest Park Estates

| Year                          | 2018      | 2019     | 2020     | 2021      | 2022      |
|-------------------------------|-----------|----------|----------|-----------|-----------|
| <b>Starting Balance</b>       | \$85,330  | \$18,398 | \$55,182 | \$78,536  | \$118,720 |
| <i>Reserve Income</i>         | \$35,100  | \$36,416 | \$37,782 | \$39,199  | \$40,669  |
| <i>Interest Earnings</i>      | \$1,456   | \$368    | \$668    | \$986     | \$1,169   |
| <i>Additional Funds Req'd</i> | \$187,500 | \$0      | \$0      | \$0       | \$0       |
| <b>Funds Available</b>        | \$309,386 | \$55,182 | \$93,632 | \$118,720 | \$160,558 |
| <b>Reserve Expenditures</b>   | \$290,988 | \$0      | \$15,097 | \$0       | \$45,318  |
| <b>Ending Balance</b>         | \$18,398  | \$55,182 | \$78,536 | \$118,720 | \$115,240 |

| Year                          | 2023      | 2024      | 2025      | 2026      | 2027      |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Starting Balance</b>       | \$115,240 | \$135,239 | \$132,555 | \$160,351 | \$176,938 |
| <i>Reserve Income</i>         | \$42,194  | \$43,776  | \$45,418  | \$47,121  | \$48,888  |
| <i>Interest Earnings</i>      | \$1,252   | \$1,338   | \$1,464   | \$1,686   | \$2,023   |
| <i>Additional Funds Req'd</i> | \$0       | \$0       | \$0       | \$0       | \$0       |
| <b>Funds Available</b>        | \$158,686 | \$180,353 | \$179,437 | \$209,157 | \$227,849 |
| <b>Reserve Expenditures</b>   | \$23,447  | \$47,798  | \$19,086  | \$32,219  | \$0       |
| <b>Ending Balance</b>         | \$135,239 | \$132,555 | \$160,351 | \$176,938 | \$227,849 |

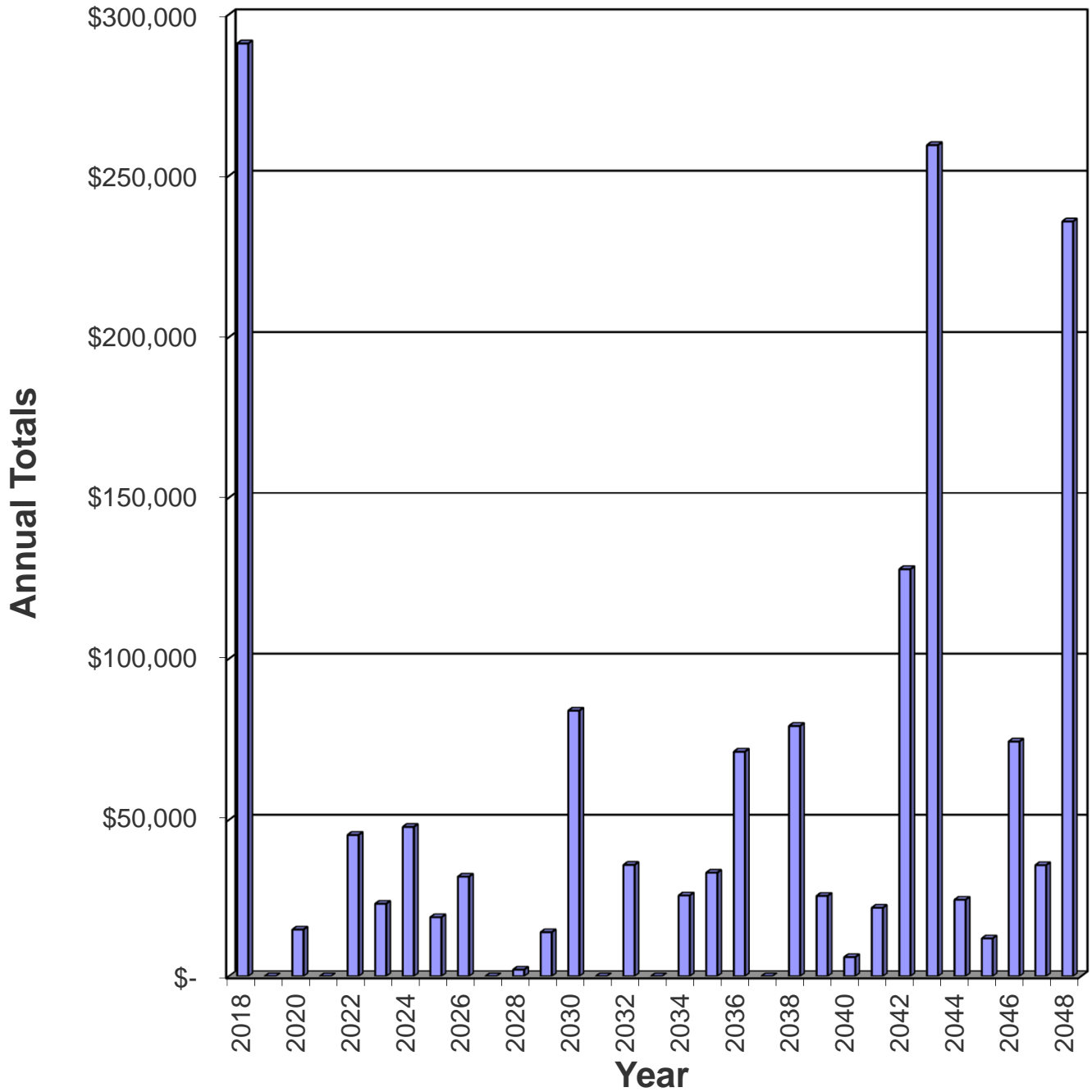
| Year                          | 2028      | 2029      | 2030      | 2031      | 2032      |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Starting Balance</b>       | \$227,849 | \$278,972 | \$320,347 | \$294,137 | \$354,020 |
| <i>Reserve Income</i>         | \$50,721  | \$52,623  | \$54,596  | \$56,644  | \$58,768  |
| <i>Interest Earnings</i>      | \$2,533   | \$2,995   | \$3,071   | \$3,239   | \$3,671   |
| <i>Additional Funds Req'd</i> | \$0       | \$0       | \$0       | \$0       | \$0       |
| <b>Funds Available</b>        | \$281,103 | \$334,590 | \$378,015 | \$354,020 | \$416,459 |
| <b>Reserve Expenditures</b>   | \$2,131   | \$14,243  | \$83,878  | \$0       | \$35,997  |
| <b>Ending Balance</b>         | \$278,972 | \$320,347 | \$294,137 | \$354,020 | \$380,461 |

| Year                          | 2033      | 2034      | 2035      | 2036      | 2037      |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Starting Balance</b>       | \$380,461 | \$445,562 | \$487,350 | \$524,535 | \$526,734 |
| <i>Reserve Income</i>         | \$60,972  | \$63,258  | \$65,630  | \$68,092  | \$70,645  |
| <i>Interest Earnings</i>      | \$4,128   | \$4,663   | \$5,057   | \$5,254   | \$5,646   |
| <i>Additional Funds Req'd</i> | \$0       | \$0       | \$0       | \$0       | \$0       |
| <b>Funds Available</b>        | \$445,562 | \$513,482 | \$558,038 | \$597,881 | \$603,025 |
| <b>Reserve Expenditures</b>   | \$0       | \$26,132  | \$33,502  | \$71,147  | \$0       |
| <b>Ending Balance</b>         | \$445,562 | \$487,350 | \$524,535 | \$526,734 | \$603,025 |

| Year                          | 2038      | 2039      | 2040      | 2041      | 2042      |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Starting Balance</b>       | \$603,025 | \$603,207 | \$659,564 | \$739,268 | \$806,693 |
| <i>Reserve Income</i>         | \$73,294  | \$76,043  | \$78,894  | \$81,853  | \$84,922  |
| <i>Interest Earnings</i>      | \$6,029   | \$6,311   | \$6,991   | \$7,727   | \$7,889   |
| <i>Additional Funds Req'd</i> | \$0       | \$0       | \$0       | \$0       | \$0       |
| <b>Funds Available</b>        | \$682,348 | \$685,561 | \$745,449 | \$828,847 | \$899,504 |
| <b>Reserve Expenditures</b>   | \$79,141  | \$25,997  | \$6,181   | \$22,154  | \$127,807 |
| <b>Ending Balance</b>         | \$603,207 | \$659,564 | \$739,268 | \$806,693 | \$771,697 |

| Year                          | 2043      | 2044      | 2045      | 2046      | 2047      |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Starting Balance</b>       | \$771,697 | \$607,207 | \$680,312 | \$770,174 | \$802,140 |
| <i>Reserve Income</i>         | \$88,107  | \$91,411  | \$94,839  | \$98,395  | \$102,085 |
| <i>Interest Earnings</i>      | \$6,892   | \$6,435   | \$7,249   | \$7,858   | \$8,391   |
| <i>Additional Funds Req'd</i> | \$0       | \$0       | \$0       | \$0       | \$0       |
| <b>Funds Available</b>        | \$866,696 | \$705,053 | \$782,400 | \$876,427 | \$912,616 |
| <b>Reserve Expenditures</b>   | \$259,489 | \$24,741  | \$12,226  | \$74,287  | \$35,933  |
| <b>Ending Balance</b>         | \$607,207 | \$680,312 | \$770,174 | \$802,140 | \$876,683 |

## Reserve Expenditures



## Projected Reserve Expenditures For Forest Park Estates

| Year | Asset ID | Asset Name                                | Projected Cost            | Total Per Annum |
|------|----------|---|---------------------------|-----------------|
| 2018 | 204      | Building Ext Surfaces - Repaint (Condo)   | \$8,413                   |                 |
|      | 205      | Building Ext Surfaces - Repaint (Unit 15) | \$2,100                   |                 |
|      | 207      | Metal Railing - Repaint                   | \$2,663                   |                 |
|      | 303      | Wood Siding - Repair (Condo)              | \$12,250                  |                 |
|      | 306      | Brick - Major Repairs                     | \$11,250                  |                 |
|      | 402      | Asphalt - Surface Application             | \$5,000                   |                 |
|      | 601      | Concrete Flatwork - Partial Replace       | \$2,750                   |                 |
|      | 611      | Stairway Systems/Deck - Replacement       | \$185,000                 |                 |
|      | 702      | Boilers/Storage Tank - Replace            | \$40,000                  |                 |
|      | 1602     | Exterior Wall Mount - Replace (Condo)     | \$2,813                   |                 |
|      | 1801     | Groundcover - Replenish                   | \$12,000                  |                 |
|      | 2001     | Sewer System - Major Repairs              | \$6,750                   | \$290,988       |
| 2019 |          | No Expenditures Projected                 |                           | \$0             |
| 2020 | 1001     | Wood Fencing - Replace                    | \$1,911                   |                 |
|      | 1701     | Irrigation System - Major Repairs         | \$2,960                   |                 |
|      | 2002     | Plumbing                                  | \$10,226                  | \$15,097        |
| 2021 |          | No Expenditures Projected                 |                           | \$0             |
| 2022 | 401      | Asphalt - Major Overlay                   | \$28,517                  |                 |
|      | 402      | Asphalt - Surface Application             | \$5,793                   |                 |
|      | 601      | Concrete Flatwork - Partial Replace       | \$3,186                   |                 |
|      | 2001     | Sewer System - Major Repairs              | \$7,821                   | \$45,318        |
| 2023 | 607      | Wood Deck - Replace (Unit 15)             | \$8,595                   |                 |
|      | 1010     | Trash Enclosure - Replace                 | \$3,432                   |                 |
|      | 2002     | Plumbing                                  | \$11,420                  | \$23,447        |
| 2024 | 204      | Building Ext Surfaces - Repaint (Condo)   | \$10,492                  |                 |
|      | 205      | Building Ext Surfaces - Repaint (Unit 15) | \$2,619                   |                 |
|      | 207      | Metal Railing - Repaint                   | \$3,321                   |                 |
|      | 303      | Wood Siding - Repair (Condo)              | \$15,278                  |                 |
|      | 306      | Brick - Major Repairs                     | \$14,031                  |                 |
|      | 803      | Mailboxes - Replace                       | \$2,058                   | \$47,798        |
| 2025 | 1701     | Irrigation System - Major Repairs         | \$3,558                   |                 |
|      | 1801     | Groundcover - Replenish                   | \$15,527                  | \$19,086        |
| 2026 | 402      | Asphalt - Surface Application             | \$6,712                   |                 |
|      | 601      | Concrete Flatwork - Partial Replace       | \$3,692                   |                 |
|      | 2001     | Sewer System - Major Repairs              | \$9,062                   |                 |
|      | 2002     | Plumbing                                  | \$12,753                  | \$32,219        |
| 2027 |          | No Expenditures Projected                 |                           | \$0             |
| 2028 | 721      | Expansion Tank - Replace                  | \$2,131                   | \$2,131         |
| 2029 | 2002     | Plumbing                                  | \$14,243                  | \$14,243        |
| 2030 | 204      | Building Ext Surfaces - Repaint (Condo)   | \$13,085                  |                 |
|      | 205      | Building Ext Surfaces - Repaint (Unit 15) | \$3,266                   |                 |
|      | 207      | Metal Railing - Repaint                   | \$4,141                   |                 |
|      | 303      | Wood Siding - Repair (Condo)              | \$19,054                  |                 |
|      | 306      | Brick - Major Repairs                     | \$17,499                  |                 |
|      | 402      | Asphalt - Surface Application             | \$7,777                   |                 |
|      | 601      | Concrete Flatwork - Partial Replace       | \$4,277                   |                 |
|      | 1701     | Irrigation System - Major Repairs         | \$4,277                   |                 |
|      | 2001     | Sewer System - Major Repairs              | \$10,499                  | \$83,878        |
|      | 2031     |   | No Expenditures Projected |                 |
| 2032 | 1801     | Groundcover - Replenish                   | \$20,092                  |                 |
|      | 2002     | Plumbing                                  | \$15,906                  | \$35,997        |
| 2033 |          | No Expenditures Projected                 |                           | \$0             |
| 2034 | 402      | Asphalt - Surface Application             | \$9,011                   |                 |

| Year | Asset ID | Asset Name                                | Projected Cost | Total Per Annum |
|------|----------|---|----------------|-----------------|
|      | 601      | Concrete Flatwork - Partial Replace       | \$4,956        |                 |
|      | 2001     | Sewer System - Major Repairs              | \$12,165       | \$26,132        |
| 2035 | 1010     | Trash Enclosure - Replace                 | \$5,338        |                 |
|      | 1602     | Exterior Wall Mount - Replace (Condo)     | \$5,259        |                 |
|      | 1701     | Irrigation System - Major Repairs         | \$5,142        |                 |
|      | 2002     | Plumbing                                  | \$17,763       | \$33,502        |
| 2036 | 204      | Building Ext Surfaces - Repaint (Condo)   | \$16,320       |                 |
|      | 205      | Building Ext Surfaces - Repaint (Unit 15) | \$4,074        |                 |
|      | 207      | Metal Railing - Repaint                   | \$5,165        |                 |
|      | 303      | Wood Siding - Repair (Condo)              | \$23,764       |                 |
|      | 306      | Brick - Major Repairs                     | \$21,824       | \$71,147        |
| 2037 |          | No Expenditures Projected                 |                | \$0             |
| 2038 | 106      | Detached Home Roof - Replace (Unit 15)    | \$25,188       |                 |
|      | 121      | Gutters/Downspouts - Replace (Unit 15)    | \$3,837        |                 |
|      | 402      | Asphalt - Surface Application             | \$10,441       |                 |
|      | 601      | Concrete Flatwork - Partial Replace       | \$5,742        |                 |
|      | 2001     | Sewer System - Major Repairs              | \$14,095       |                 |
|      | 2002     | Plumbing                                  | \$19,837       | \$79,141        |
| 2039 | 1801     | Groundcover - Replenish                   | \$25,997       | \$25,997        |
| 2040 | 1701     | Irrigation System - Major Repairs         | \$6,181        | \$6,181         |
| 2041 | 2002     | Plumbing                                  | \$22,154       | \$22,154        |
| 2042 | 204      | Building Ext Surfaces - Repaint (Condo)   | \$20,354       |                 |
|      | 205      | Building Ext Surfaces - Repaint (Unit 15) | \$5,081        |                 |
|      | 207      | Metal Railing - Repaint                   | \$6,442        |                 |
|      | 303      | Wood Siding - Repair (Condo)              | \$29,638       |                 |
|      | 306      | Brick - Major Repairs                     | \$27,219       |                 |
|      | 402      | Asphalt - Surface Application             | \$12,097       |                 |
|      | 601      | Concrete Flatwork - Partial Replace       | \$6,653        |                 |
|      | 803      | Mailboxes - Replace                       | \$3,992        |                 |
|      | 2001     | Sewer System - Major Repairs              | \$16,331       | \$127,807       |
| 2043 | 103      | EPDM Flat Roof - Replace (Condo)          | \$222,087      |                 |
|      | 105      | Comp Shingle Roof - Replace (Condo)       | \$37,401       | \$259,489       |
| 2044 | 2002     | Plumbing                                  | \$24,741       | \$24,741        |
| 2045 | 1001     | Wood Fencing - Replace                    | \$4,796        |                 |
|      | 1701     | Irrigation System - Major Repairs         | \$7,430        | \$12,226        |
| 2046 | 402      | Asphalt - Surface Application             | \$14,016       |                 |
|      | 601      | Concrete Flatwork - Partial Replace       | \$7,709        |                 |
|      | 1801     | Groundcover - Replenish                   | \$33,639       |                 |
|      | 2001     | Sewer System - Major Repairs              | \$18,922       | \$74,287        |
| 2047 | 1010     | Trash Enclosure - Replace                 | \$8,303        |                 |
|      | 2002     | Plumbing                                  | \$27,630       | \$35,933        |
| 2048 | 204      | Building Ext Surfaces - Repaint (Condo)   | \$25,384       |                 |
|      | 205      | Building Ext Surfaces - Repaint (Unit 15) | \$6,337        |                 |
|      | 207      | Metal Railing - Repaint                   | \$8,034        |                 |
|      | 303      | Wood Siding - Repair (Condo)              | \$36,964       |                 |
|      | 306      | Brick - Major Repairs                     | \$33,947       |                 |
|      | 702      | Boilers/Storage Tank - Replace            | \$120,699      |                 |
|      | 721      | Expansion Tank - Replace                  | \$4,451        | \$235,815       |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Funding Principles** –

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

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

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

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

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

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

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

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

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

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

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

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