

Thursday, April 13, 2023

Level 2, Platinum Reserve Analysis

# Willow Creek III Townhomes 8101 E. Phillips Cir. Centennial, CO. 80112



## FINAL VERSION

Report Period – 01/01/23 – 12/31/23

Client Reference Number – 07550

Property Type – Townhomes

Fiscal Year End – December 31st

Number of Units – 197

Date of Property Observation – October 19, 2022

Property Observation Conducted by – Mike Kelsen

Project Manager – Mike Kelsen, RS, PRA

Main Contact Person – Tanya Valis, Community Manager



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## 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 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 be 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 \$150,000 is a lot of money and they are in good shape. What they don't know is a component will need to be replaced within 5 years, and the cost of that component is going to exceed \$175,000. So while \$150,000 may sound like a lot of money, in reality it won't even cover the cost of the component, 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 Willow Creek III - Townhomes -

Assoc. ID # - 07550

Projected Starting Balance as of January 1, 2023 -	<b>\$215,417</b>
Ideal Reserve Balance as of January 1, 2023 -	<b>\$191,049</b>
Percent Funded as of January 1, 2023 -	<b>113%</b>
Recommended Reserve Allocation (per month) -	<b>\$2,167 (through 2024)</b>
Recommended Reserve Allocation (per month) -	<b>\$3,645 (starting 2025)</b>
Minimum Reserve Allocation (per month) -	<b>\$3,225 (starting 2025)</b>
Recommended Special Assessment -	<b>\$0</b>

This report is an update to an existing Reserve Study that was prepared for the association 4 years ago for the 2019 fiscal period by a different Reserve Study provider. An observation of the property's common area elements took place on October 19, 2022 to verify the information from this previous report. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representative. 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 section of the community contains 197 townhome style units within a community that was constructed in the late 1970's. Common area elements this sub-association is responsible to maintain include the driveways, address signs, and the mailbox cluster box units. It should be noted we have added two components (groundcover/landscaping replenishment and major maintenance/replacement of trees) to this year's Reserve component list. Please refer to the *Projected Reserve Expenditures* table in the Financial Analysis section for a list of when components are scheduled to be addressed.

In comparing the projected balance of \$215,417 versus the ideal Reserve Balance of \$191,049, we find the association Reserve fund to be at a minor surplus financial position (approximately 113% funded of ideal) at this time. Not many associations can claim to be in this financial position. Since the budget has already been established for the 2023 fiscal period, we find the budgeted Reserve allocation (\$2,167 per month) can continue through 2024 without severely depleting the Reserve account. However, starting January 1, 2025, we are recommending an increase of the Reserve contribution to \$3,645 (representing an increase of approximately \$7.50 per unit per month), followed by nominal annual increases of 4.50% thereafter to help offset the effects of inflation. By following the recommendation, the plan will maintain the Reserve account at or near the fully funded position throughout the thirty-year period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$3,225 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where 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 (less than \$2.15 per home per month) is considered to be extremely minimal, and based on the risk, we strongly suggest the recommended Reserve Allocation is followed.

Comp #: 401 Asphalt - Overlay (2012)



*Observations:*

- These alleyways that were replaced in 2012 are in fair condition with noted cracking in 8150-8162 alley and in guest parking spaces, and a few alligatored areas that are starting to show signs of potholes. We recommend filling these cracks and repairing (infrared technology) the areas that are forming potholes as soon as possible to prevent complete replacement or advanced deterioration.
- There was also evidence of a major repair in front of 8181-8183 (about 400 GSF)
- 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 2 - 3 years, depending on the level of traffic and snow removing techniques.
- NOTE: Cost for a major overlay is higher on a per GSF basis due to the small area each cycle.

*Location:* See General Notes

*Quantity:* Approx. 14,125 GSF

*Life Expectancy:* 24 Remaining Life: 13

*Best Cost:* \$28,250  
 \$2.00/GSF; Estimate for an overlay

*Worst Cost:* \$31,785  
 \$2.25/GSF; Higher estimate for local repairs

*Source Information:* Cost database

General Notes:

8150 - 8160, 8152 - 8172 - Approx. 3,700 GSF  
 8151 - 8157, 8161 - 8167 - Approx. 3,135 GSF  
 8189 - 8181, 8191 - 8197 - Approx. 4,070 GSF  
 8008 - 8028, 8032 - 8048 - Approx. 3,220 GSF

*Component History*

- 2012 - \$35,000

Comp #: 401 Asphalt - Overlay (2017)



*Observations:*

- These alleyways that were replaced in 2017 are in good to fair condition with some minor cracking noted. We recommend filling these cracks as soon as possible to prevent complete replacement or advanced deterioration.
- 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 2 - 3 years, depending on the level of traffic and snow removing techniques.
- NOTE: Cost for a major overlay is higher on a per GSF basis due to the small area each cycle.

*Location:* **Townhome alleys/driveways**

*Quantity:* **Approx. 15,900 GSF**

*Life Expectancy:* **24** *Remaining Life:* **18**

*Best Cost:* **\$31,800**  
 \$2.00/GSF; Estimate for an overlay

*Worst Cost:* **\$35,775**  
 \$2.25/GSF; Higher estimate for local repairs

*Source Information:* Past client cost

*General Notes:*

7702 - 7742, 7752 - 7792 - Approx. 5,130 GSF  
 7956 - 7976, 7980 - 7996 - Approx. 4,645 GSF  
 8200 - 8220, 8228 - 8248 - Approx. 6,125 GSF



Comp #: 401 Asphalt - Overlay (2018)



*Observations:*

- These alleyways that were replaced in 2018 are in good to fair condition with some cracking noted. We recommend filling these cracks as soon as possible to prevent complete replacement or advanced deterioration.
- 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 2 - 3 years, depending on the level of traffic and snow removing techniques.
- NOTE: Cost for a major overlay is higher on a per GSF basis due to the small area each cycle.

*Location:* **See General Notes**

*Quantity:* **Approx. 27,220 GSF**

*Life Expectancy:* **24** Remaining Life: **19**

*Best Cost:* **\$54,440**  
 \$2.00/GSF; Estimate for an overlay

*Worst Cost:* **\$61,245**  
 \$2.25/GSF; Higher estimate for local repairs

*Source Information:* Cost database

**General Notes:**

- 8120 - 8128, 8132 - 8142 - Approx. 6,400 GSF
- 8101 - 8109, 8111 - 8117 - Approx. 3,165 GSF
- 8052 - 8068, 8078 - 8098 - Approx. 3,500 GSF
- 7804 - 7844, 7854 - 7894 - Approx. 4,665 GSF
- 8007 - 8027, 8031 - 8047 - Approx. 3,890 GSF
- 8108 - 8140, 8158 - 8190 - Approx. 5,600 GSF

*Component History*

- 2018 - \$35,995
- 2010 - \$5,995.47
- 2007 - \$550 (Patches)

Comp #: 401 Asphalt - Overlay (2020)



*Observations:*

- These sections appear to have been done within the past 2 - 3 years.
- 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 2 - 3 years, depending on the level of traffic and snow removing techniques.
- NOTE: Cost for a major overlay is higher on a per GSF basis due to the small area each cycle.

*Location:*

*Quantity:*                    **Approx. 3,780 GSF**

*Life Expectancy:*    **24**      *Remaining Life:* **21**

*Best Cost:*                    **\$7,560**  
 \$2.00/GSF; Estimate for an overlay

*Worst Cost:*                 **\$8,505**  
 \$2.25/GSF; Higher estimate for local repairs

*Source Information:* Past client cost

*General Notes:*

8251 - 8271, 8275 - 8291 (alley only, not parking)  
 - Approx. 2700 GSF  
 8398-8388 - Approx. 1,080 GSF (rest has not been done)

*Component History*

- 2020 (?) - Looks like it has been done within the past 2 - 3 years, but no information was provided

Comp #: 401 Asphalt - Overlay (Original)



*Observations:*

- The alleys in these sections are older and have not been overlaid in many years.
- There were several areas where the asphalt was completely deteriorated, alligating, or settling.
- 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:*               **See General Notes**

*Quantity:*               **Approx. 21,190 GSF**

*Life Expectancy:*   **24**     *Remaining Life: 0*

*Best Cost:*               **\$42,380**  
 \$2.00/GSF; Estimate for an overlay

*Worst Cost:*             **\$47,680**  
 \$2.25/GSF; Higher estimate for local repairs

*Source Information:* Cost database

**General Notes:**

8015 - 8045, 8055 - 8085 - Approx. 4,100 GSF  
 8121 - 8127, 8131 - 8139 - Approx. 2,810 GSF  
 8251 - 8271, 8275 - 8291 (guest parking only) -  
 Approx. 630 GSF  
 8308 - 8348, 8352 - 8398 - Approx. 4,945 GSF  
 (only 1080 has been done, rest is old)  
 8250 - 8270, 8280 - 8298 - Approx. 4,175 GSF  
 7906 - 7926, 7930 - 7946 - Approx. 4,530 GSF



Comp #: 402 Asphalt - Surface Application (A)



*Observations:*

- We recommend a surface application is applied to all the alleys at the same time.
- This line item is for the sections of the community that have not been sealed since they were overlaid, dating back to the alleys that were done in 2012
- It is also recommended a surface application is applied within 12 months of a new overlay.
- In this environment, expect to seal asphalt every 2 - 4 years, depending on traffic levels and effects from weather.
- 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:* **Townhome alleys/driveways**

*Quantity:* **Approx. 61,025 GSF**

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

*Best Cost:* **\$12,205**  
\$.20/GSF; Est. for seal coat and stripe

*Worst Cost:* **\$14,040**  
\$.23/GSF; Higher est. includes repairs/crack fill

*Source Information:* Cost Database

*General Notes:*

- 8150 - 8160, 8152 - 8172 - Approx. 3,700 GSF
- 8151 - 8157, 8161 - 8167 - Approx. 3,135 GSF
- 8189 - 8181, 8191 - 8197 - Approx. 4,070 GSF
- 8008 - 8028, 8032 - 8048 - Approx. 3,220 GSF
- 8251 - 8271, 8275 - 8291 (alley only, not parking)  
- Approx. 2700 GSF
- 8398-8388 - Approx. 1,080 GSF (rest has not been done)
- 8120 - 8128, 8132 - 8142 - Approx. 6,400 GSF
- 8101 - 8109, 8111 - 8117 - Approx. 3,165 GSF
- 8052 - 8068, 8078 - 8098 - Approx. 3,500 GSF
- 7804 - 7844, 7854 - 7894 - Approx. 4,665 GSF
- 8007 - 8027, 8031 - 8047 - Approx. 3,890 GSF
- 8108 - 8140, 8158 - 8190 - Approx. 5,600 GSF
- 7702 - 7742, 7752 - 7792 - Approx. 5,130 GSF
- 7956 - 7976, 7980 - 7996 - Approx. 4,645 GSF
- 8200 - 8220, 8228 - 8248 - Approx. 6,125 GSF



Comp #: 402 Asphalt - Surface Application (B)



*Observations:*

- It is important to maintain a proper seal cycle to protect the integrity of the asphalt and prevent extensive cracking, development of potholes, and loss of emulsion, which will lead to advanced deterioration.
- The condition of this surface is beyond the benefit of a seal coat.
- As a result, we are recommending a rotomill and overlay, or possible replacement of the existing surface.
- Industry professionals suggest seal coating within 12 months of a new overlay.
- Therefore, due to timing of an overlay (during summer months), we recommend seal coating the summer following a new overlay.

*Location:* **Townhome alleys/driveways**

*Quantity:* **Approx. 21,190 GSF**

*Life Expectancy:* **4 Remaining Life: 1**

*Best Cost:* **\$4,240**  
\$.20/GSF; Est. for seal coat and stripe

*Worst Cost:* **\$4,875**  
\$.23/GSF; Higher est. includes repairs/crack fill

*Source Information:* Cost Database

*General Notes:*

8015 - 8045, 8055 - 8085 - Approx. 4,100 GSF  
 8121 - 8127, 8131 - 8139 - Approx. 2,810 GSF  
 8251 - 8271, 8275 - 8291 (guest parking only) -  
 Approx. 630 GSF  
 8308 - 8348, 8352 - 8398 - Approx. 4,945 GSF  
 (only 1080 has been done, rest is old)  
 8250 - 8270, 8280 - 8298 - Approx. 4,175 GSF  
 7906 - 7926, 7930 - 7946 - Approx. 4,530 GSF

Comp #: 403 Concrete - Repair/Replace



*Observations:*

- Conditions of concrete varies throughout the community. There is evidence of recent repairs (about 425 GSF) in aprons in front of 8109, 8134-8132, 8078 and 7844.
- There are other areas that are in poor condition throughout community
- Since it is unlikely that all concrete surfaces will fail at the same time, we suggest establishing a Reserve fund for periodic repairs and replacement to approximately 15% of the total area (3,240 GSF) every 4 years.
- Repairs should be coordinated with other concrete surfaces and asphalt for best cost estimate since most asphalt companies can also perform concrete work.

*Location:*                   **Aprons and Drain Pans**

*Quantity:*                   **Approx. 21,600 GSF**

*Life Expectancy:*       **4       Remaining Life: 1**

*Best Cost:*               **\$48,600**  
 Allowance to replace 15% of area

*Worst Cost:*             **\$54,000**  
 Higher allowance for more repairs

*Source Information:* Cost Database

*Component History*

- 2011 - \$10,885 (townhome portion)

*General Notes:*

Garage Aprons are Approx. 1,100 GSF, Except:  
 8250 - 8298 East Phillips Place - Approx. 1,225 GSF  
 8200 - 8248 East Phillips Place - Approx. 1,225 GSF  
 Drain Pans:  
 8120 - 8128 - Approx. 360 GSF  
 8121 - 8127 - Approx. 30 GSF  
 8151 - 8157 - Approx. 20 GSF  
 8251 - 8271 - Approx. 20 GSF

Comp #: 803 Mailboxes - Replace



*Observations:*

- Boxes were replaced about 10 years ago and exhibiting normal signs of wear and deterioration
- According to several manufacturers, the typical life expectancy for this type of mailbox is 20 - 25 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:*                **See general notes**

*Quantity:*                **(16) Assorted CBUs**

*Life Expectancy:*    **22**        *Remaining Life:* **12**

*Best Cost:*                **\$49,600**  
 \$3100/CBU; Estimate to replace

*Worst Cost:*             **\$56,000**  
 \$3500/CBU; Higher estimate for better quality

*Source Information:* Cost Database

**General Notes:**

- Across from 7946 - (2) 12-Box CBUs, 2013
- Across from 7804 - (2) 12-Box CBUs, 2013
- 8140 - (1) 12-Box CBU, (3) 16-Box CBUs, 2013
- 8251 - (2) 16-Box CBU, 2013
- 8121 - (2) 16-Box CBU, 2013
- 8015 - (1) 12-Box CBU, (1) 8-Box CBU, 2013
- 8181 - (1) 12-Box CBU, (1) 8-Box CBU, 2013



Comp #: 809 Signage - Replace



*Observations:*

- Conditions of signs vary with several that are deteriorated and cracked edges, but none are broken and missing
- In our experience, we have seen this type of sign material last 12 - 18 years on average before replacement is required.
- While several signs are legible and intact, we recommend planning on replacing all at the same time in the next couple years to maintain a consistent appearance and to obtain the best replacement cost possible.
- The remaining life is based on age of the signs and the observed condition.

*Location:* **Front of all townhome clusters**

*Quantity:* **Approx. (38) Signs**

*Life Expectancy:* **20** *Remaining Life:* **2**

*Best Cost:* **\$18,050**  
\$475/sign; Estimate to replace

*Worst Cost:* **\$20,900**  
\$550/sign; Higher estimate

*Source Information:* Cost Database

*General Notes:*

Address Sign's - (38) 2x2 sign mounted on PVC posts

NOTE: exact cost of a new sign will depend on the type of materials selected by the Board at the time of replacement



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 2 - 3 years.
- This line item is for cyclical refurbishment and should not be considered as complete landscaping replacement.

*Location:* **Common Areas**

*Quantity:* **Extensive**

*Life Expectancy:* **3** *Remaining Life:* **1**

*Best Cost:* **\$8,000**  
Allowance for major replenishment

*Worst Cost:* **\$9,000**  
Higher allowance for more ground material

*Source Information:* Cost database

*General Notes:*

Comp #: 1804 Tree - Replacement/Major Maintenance



*Observations:*

- It is very difficult to predict a replacement cycle for trees as there are several factors that will contribute to a tree dying.
- 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.
- However, based on our recent experience, an allowance for periodic replacement has been included.

*Location:*                   **Throughout Property**

*Quantity:*                   **Numerous sizes and types**

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

*Best Cost:*                 **\$13,500**  
 Allowance for major maintenance/replacement

*Worst Cost:*               **\$15,000**  
 Higher allowance for more maintenance

*Source Information:* Cost database

General Notes:

## Funding Summary For Willow Creek III (Townhomes)

NOTE: The results of this report are based on replacement costs we know as of the date of this report. We are not responsible for higher than normal price increases after the date of this report.

### Beginning Assumptions

Financial Information Source	Research With Client
# of units	197
Fiscal Year End	December 31, 2023
Monthly Dues from 2023 budget	\$3,349.00
Monthly Reserve Allocation from 2023 Budget	\$2,167.00
Projected Starting Reserve Balance (as of 1/1/2023)	\$215,417
Reserve Balance: Average Per Unit	\$1,093
Ideal Starting Reserve Balance (as of 1/1/2023)	\$191,049
Ideal Reserve Balance: Average Per Unit	\$970

### Economic Factors

Past 20 year Average Inflation Rate (Based on CCI)	4.75%
Current Average Interest Rate	2.00%

### Current Reserve Status

Current Balance as a % of Ideal Balance	113%
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### Recommendations for 2022 Fiscal Year

Monthly Reserve Allocation (through 2024)	\$2,167
Per Unit	\$11.00
Monthly Reserve Allocation (starting 2025)	\$3,645
Per Unit	\$18.50
Minimum Monthly Reserve Allocation (starting 2025)	\$3,225
Per Unit	\$16.37
Primary Annual Increases	0.00%
# of Years	2
Secondary Annual Increases	4.50%
# of Years	28
Special Assessment	\$0
Per Unit	\$0

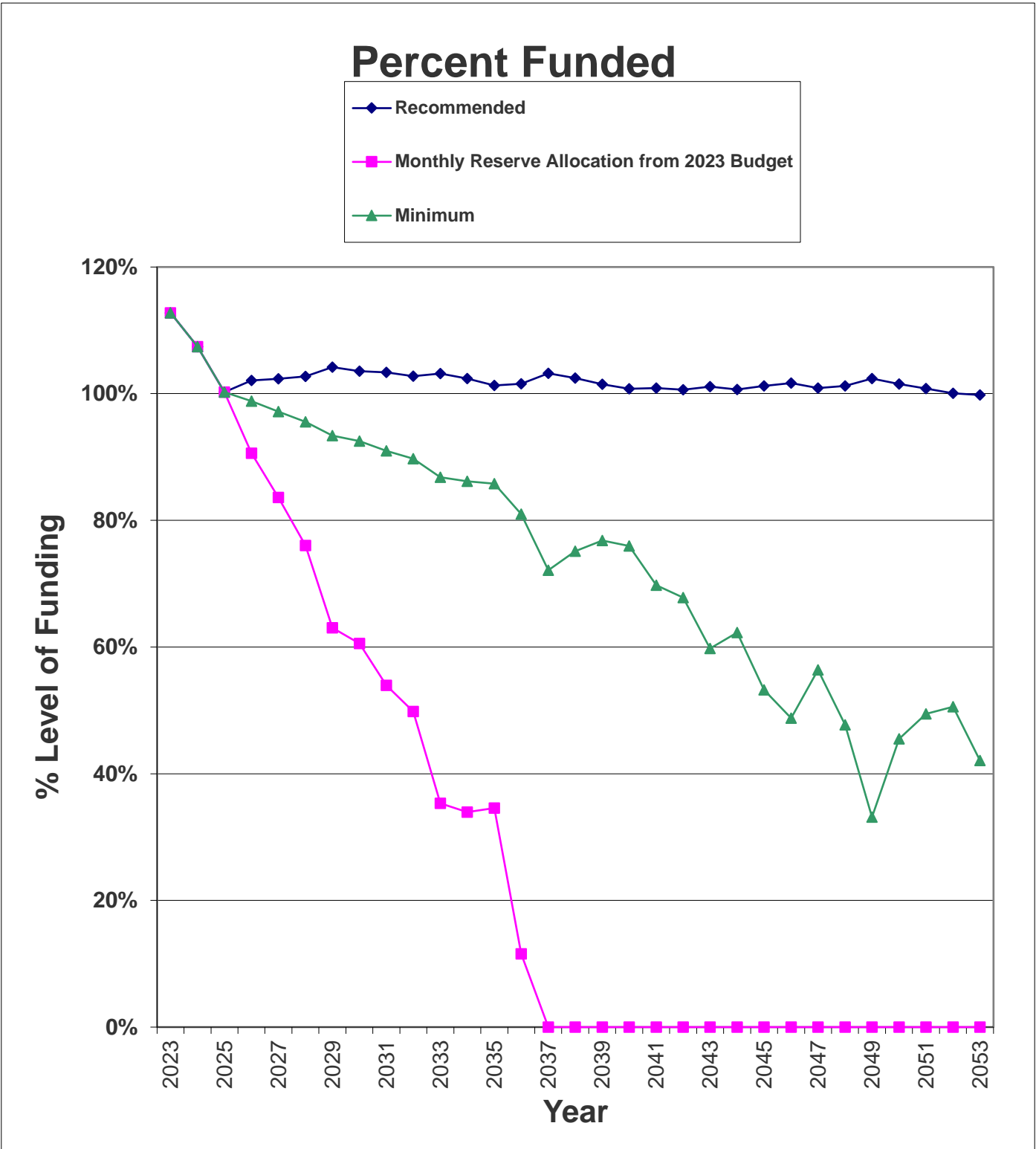
### Changes To Current 2023 Reserve Contribution

Increase/Decrease to Reserve Allocation	\$0
as Percentage	0%
Average Per Unit	\$0.00

### Changes from 2024 to 2025 Reserve Contribution

Increase/Decrease to Reserve Allocation	\$1,478
as Percentage	68%
Average Per Unit	\$7.50

Percent Funded Graph For Willow Creek III (Townhomes)





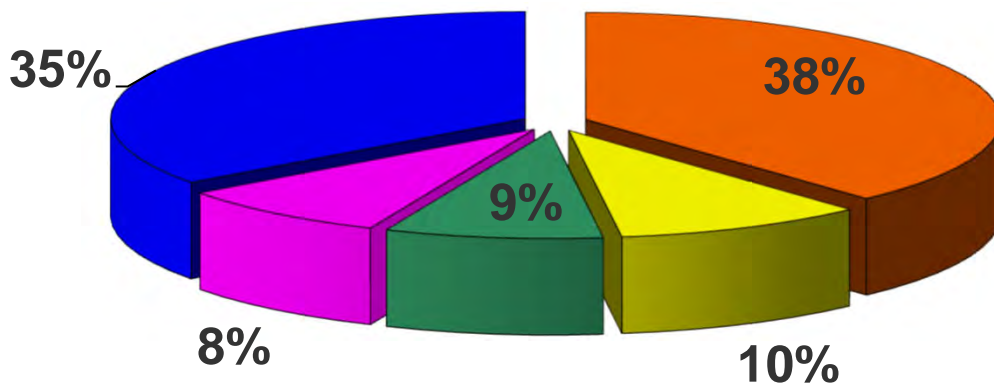
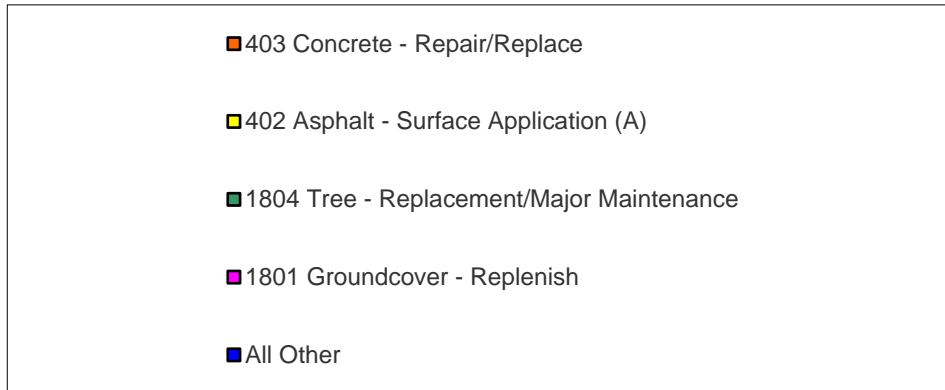
Component Inventory for Willow Creek III Townhomes

<b>Category</b>	<b>Asset #</b>	<b>Asset Name</b>	<b>UL</b>	<b>RUL</b>	<b>Best Cost</b>	<b>Worst Cost</b>
Drive Materials	401	Asphalt - Overlay (2012)	24	13	\$28,250	\$31,785
	401	Asphalt - Overlay (2017)	24	18	\$31,800	\$35,775
	401	Asphalt - Overlay (2018)	24	19	\$54,440	\$61,245
	401	Asphalt - Overlay (2020)	24	21	\$7,560	\$8,505
	401	Asphalt - Overlay (Original)	24	0	\$42,380	\$47,680
	402	Asphalt - Surface Application (A)	4	0	\$12,205	\$14,040
	402	Asphalt - Surface Application (B)	4	1	\$4,240	\$4,875
	403	Concrete - Repair/Replace	4	1	\$48,600	\$54,000
Prop. Identification	803	Mailboxes - Replace	22	12	\$49,600	\$56,000
	809	Signage - Replace	20	2	\$18,050	\$20,900
Landscaping	1801	Groundcover - Replenish	3	1	\$8,000	\$9,000
	1804	Tree - Replacement/Major Maintenance	5	2	\$13,500	\$15,000

*Significant Components For Willow Creek III (Townhomes)*

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
401	Asphalt - Overlay (2012)	24	13	\$30,018	\$1,251	3.7244%
401	Asphalt - Overlay (2017)	24	18	\$33,788	\$1,408	4.1922%
401	Asphalt - Overlay (2018)	24	19	\$57,843	\$2,410	7.1768%
401	Asphalt - Overlay (2020)	24	21	\$8,033	\$335	0.9966%
401	Asphalt - Overlay (Original)	24	0	\$45,030	\$1,876	5.5871%
402	Asphalt - Surface Application (A)	4	0	\$13,123	\$3,281	9.7691%
402	Asphalt - Surface Application (B)	4	1	\$4,558	\$1,139	3.3928%
403	Concrete - Repair/Replace	4	1	\$51,300	\$12,825	38.1905%
803	Mailboxes - Replace	22	12	\$52,800	\$2,400	7.1468%
809	Signage - Replace	20	2	\$19,475	\$974	2.8996%
1801	Groundcover - Replenish	3	1	\$8,500	\$2,833	8.4371%
1804	Tree - Replacement/Major Maintenance	5	2	\$14,250	\$2,850	8.4868%

## Significant Components Graph For Willow Creek III (Townhomes)



Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
403	Concrete - Repair/Replace	4	1	\$51,300	\$12,825	38%
402	Asphalt - Surface Application (A)	4	0	\$13,123	\$3,281	10%
1804	Tree - Replacement/Major Maintenance	5	2	\$14,250	\$2,850	8%
1801	Groundcover - Replenish	3	1	\$8,500	\$2,833	8%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$11,793	35%

## Yearly Summary For Willow Creek III (Townhomes)

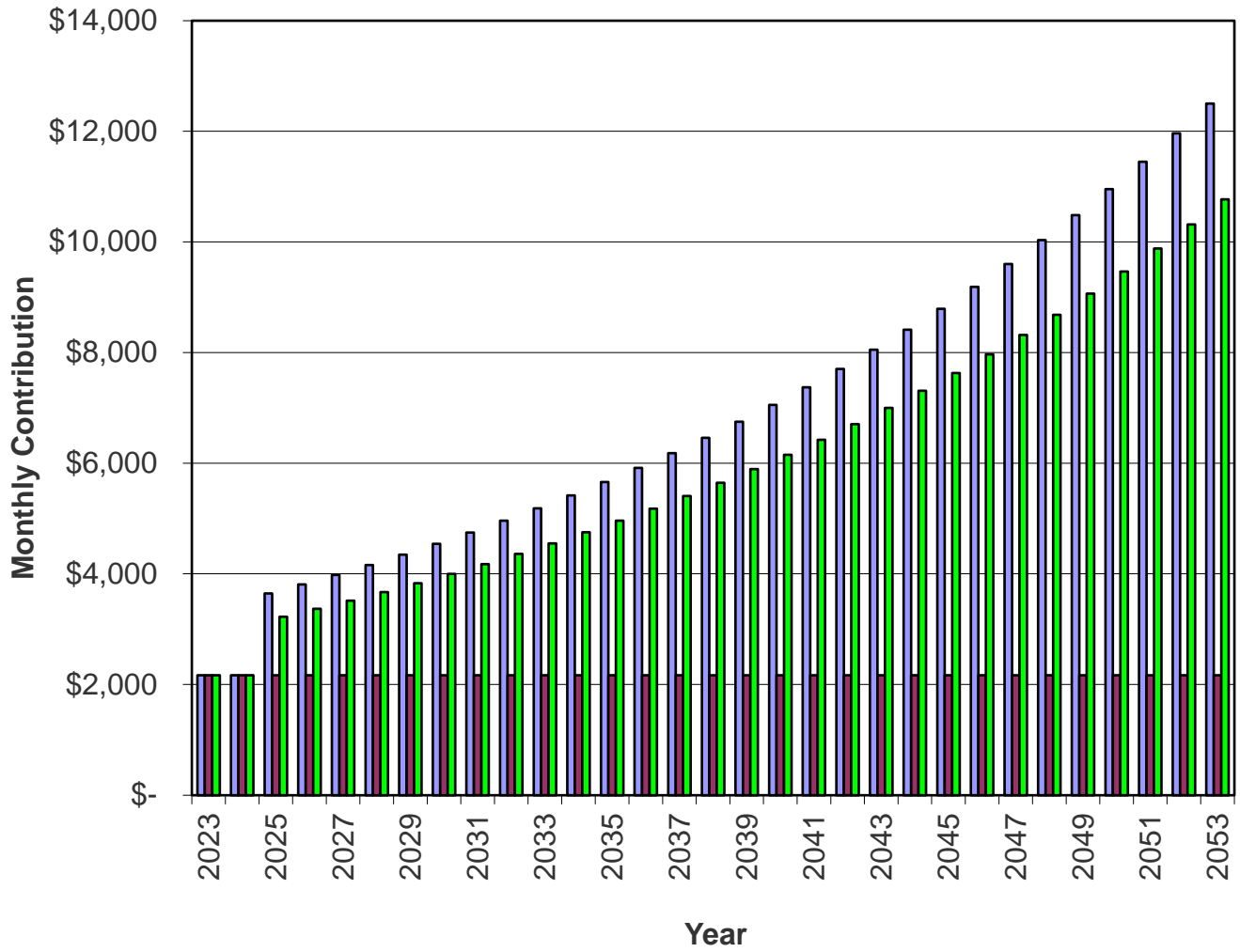
<b>Fiscal Year Start</b>	<b>Fully Funded Balance</b>	<b>Starting Reserve Balance</b>	<b>Percent Funded</b>	<b>Annual Reserve Contribs</b>	<b>Alternative Funding</b>	<b>Interest Income</b>	<b>Reserve Expenses</b>
2023	\$191,049	\$215,417	113%	\$26,004	\$0	\$4,024	\$58,153
2024	\$174,386	\$187,292	107%	\$26,004	\$0	\$3,362	\$67,414
2025	\$148,901	\$149,244	100%	\$43,740	\$0	\$3,080	\$37,005
2026	\$155,809	\$159,059	102%	\$45,708	\$0	\$3,672	\$0
2027	\$203,641	\$208,440	102%	\$47,765	\$0	\$4,427	\$26,033
2028	\$228,396	\$234,598	103%	\$49,915	\$0	\$4,528	\$70,445
2029	\$209,817	\$218,596	104%	\$52,161	\$0	\$4,939	\$0
2030	\$266,254	\$275,695	104%	\$54,508	\$0	\$5,797	\$31,482
2031	\$294,602	\$304,519	103%	\$56,961	\$0	\$6,529	\$19,022
2032	\$339,661	\$348,987	103%	\$59,524	\$0	\$6,789	\$84,814
2033	\$320,365	\$330,486	103%	\$62,203	\$0	\$7,162	\$13,519
2034	\$377,370	\$386,331	102%	\$65,002	\$0	\$8,454	\$0
2035	\$453,902	\$459,787	101%	\$67,927	\$0	\$8,554	\$139,918
2036	\$390,290	\$396,350	102%	\$70,984	\$0	\$6,975	\$172,528
2037	\$292,412	\$301,781	103%	\$74,178	\$0	\$6,840	\$0
2038	\$373,664	\$382,798	102%	\$77,516	\$0	\$8,509	\$0
2039	\$461,974	\$468,823	101%	\$81,004	\$0	\$9,822	\$45,433
2040	\$510,240	\$514,216	101%	\$84,649	\$0	\$9,676	\$154,306
2041	\$450,264	\$454,235	101%	\$88,458	\$0	\$9,275	\$77,898
2042	\$471,155	\$474,070	101%	\$92,439	\$0	\$8,885	\$160,221
2043	\$410,657	\$415,174	101%	\$96,599	\$0	\$9,020	\$33,197
2044	\$484,379	\$487,595	101%	\$100,946	\$0	\$9,152	\$169,304
2045	\$423,257	\$428,389	101%	\$105,488	\$0	\$8,528	\$117,208
2046	\$418,230	\$425,198	102%	\$110,235	\$0	\$9,695	\$0
2047	\$540,378	\$545,128	101%	\$115,196	\$0	\$10,378	\$177,119
2048	\$487,654	\$493,583	101%	\$120,380	\$0	\$9,105	\$205,329
2049	\$407,965	\$417,739	102%	\$125,797	\$0	\$9,701	\$0
2050	\$544,904	\$553,237	102%	\$131,458	\$0	\$11,990	\$49,885
2051	\$641,676	\$646,800	101%	\$137,373	\$0	\$13,641	\$79,290
2052	\$718,094	\$718,524	100%	\$143,555	\$0	\$13,786	\$214,560



Reserve Contributions For Willow Creek III (Townhomes)

# Reserve Contributions

Recommended Current Minimum



*Component Funding Information For Willow Creek III (Townhomes)*

<b>ID</b>	<b>Component Name</b>	<b>Ave Current Cost</b>	<b>Ideal Balance</b>	<b>Current Fund Balance</b>	<b>Monthly</b>
401	Asphalt - Overlay (2012)	\$30,018	\$13,758	\$15,513	\$80.71
401	Asphalt - Overlay (2017)	\$33,788	\$8,447	\$9,524	\$90.85
401	Asphalt - Overlay (2018)	\$57,843	\$12,051	\$13,588	\$155.52
401	Asphalt - Overlay (2020)	\$8,033	\$1,004	\$1,132	\$21.60
401	Asphalt - Overlay (Original)	\$45,030	\$45,030	\$50,773	\$121.07
402	Asphalt - Surface Application (A)	\$13,123	\$13,123	\$14,796	\$211.70
402	Asphalt - Surface Application (B)	\$4,558	\$3,418	\$3,854	\$73.52
403	Concrete - Repair/Replace	\$51,300	\$38,475	\$43,382	\$827.59
803	Mailboxes - Replace	\$52,800	\$24,000	\$27,061	\$154.87
809	Signage - Replace	\$19,475	\$17,528	\$19,763	\$62.84
1801	Groundcover - Replenish	\$8,500	\$5,667	\$6,389	\$182.83
1804	Tree - Replacement/Major Maintenance	\$14,250	\$8,550	\$9,641	\$183.91

## Yearly Cash Flow For Willow Creek III (Townhomes)

Year	2023	2024	2025	2026	2027
<b>Starting Balance</b>	\$215,417	\$187,292	\$149,244	\$159,059	\$208,440
<i>Reserve Income</i>	\$26,004	\$26,004	\$43,740	\$45,708	\$47,765
<i>Interest Earnings</i>	\$4,024	\$3,362	\$3,080	\$3,672	\$4,427
<i>Alternative Funding</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$245,445	\$216,659	\$196,064	\$208,440	\$260,631
<b>Reserve Expenditures</b>	\$58,153	\$67,414	\$37,005	\$0	\$26,033
<b>Ending Balance</b>	\$187,292	\$149,244	\$159,059	\$208,440	\$234,598

Year	2028	2029	2030	2031	2032
<b>Starting Balance</b>	\$234,598	\$218,596	\$275,695	\$304,519	\$348,987
<i>Reserve Income</i>	\$49,915	\$52,161	\$54,508	\$56,961	\$59,524
<i>Interest Earnings</i>	\$4,528	\$4,939	\$5,797	\$6,529	\$6,789
<i>Alternative Funding</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$289,041	\$275,695	\$336,000	\$368,009	\$415,300
<b>Reserve Expenditures</b>	\$70,445	\$0	\$31,482	\$19,022	\$84,814
<b>Ending Balance</b>	\$218,596	\$275,695	\$304,519	\$348,987	\$330,486

Year	2033	2034	2035	2036	2037
<b>Starting Balance</b>	\$330,486	\$386,331	\$459,787	\$396,350	\$301,781
<i>Reserve Income</i>	\$62,203	\$65,002	\$67,927	\$70,984	\$74,178
<i>Interest Earnings</i>	\$7,162	\$8,454	\$8,554	\$6,975	\$6,840
<i>Alternative Funding</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$399,851	\$459,787	\$536,268	\$474,308	\$382,798
<b>Reserve Expenditures</b>	\$13,519	\$0	\$139,918	\$172,528	\$0
<b>Ending Balance</b>	\$386,331	\$459,787	\$396,350	\$301,781	\$382,798

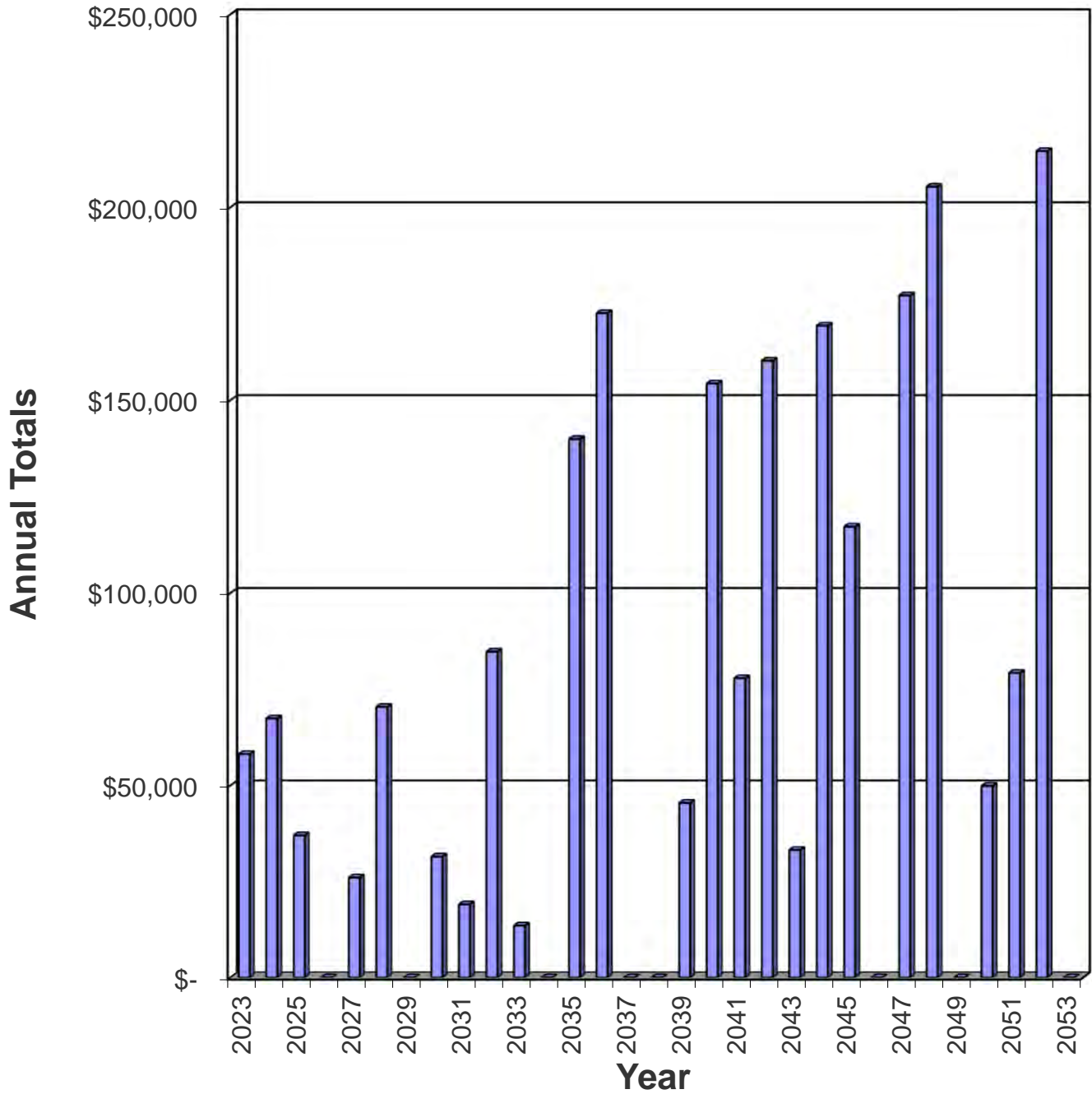
Year	2038	2039	2040	2041	2042
<b>Starting Balance</b>	\$382,798	\$468,823	\$514,216	\$454,235	\$474,070
<i>Reserve Income</i>	\$77,516	\$81,004	\$84,649	\$88,458	\$92,439
<i>Interest Earnings</i>	\$8,509	\$9,822	\$9,676	\$9,275	\$8,885
<i>Alternative Funding</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$468,823	\$559,649	\$608,541	\$551,969	\$575,394
<b>Reserve Expenditures</b>	\$0	\$45,433	\$154,306	\$77,898	\$160,221
<b>Ending Balance</b>	\$468,823	\$514,216	\$454,235	\$474,070	\$415,174

Year	2043	2044	2045	2046	2047
<b>Starting Balance</b>	\$415,174	\$487,595	\$428,389	\$425,198	\$545,128
<i>Reserve Income</i>	\$96,599	\$100,946	\$105,488	\$110,235	\$115,196
<i>Interest Earnings</i>	\$9,020	\$9,152	\$8,528	\$9,695	\$10,378
<i>Alternative Funding</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$520,792	\$597,693	\$542,406	\$545,128	\$670,702
<b>Reserve Expenditures</b>	\$33,197	\$169,304	\$117,208	\$0	\$177,119
<b>Ending Balance</b>	\$487,595	\$428,389	\$425,198	\$545,128	\$493,583

Year	2048	2049	2050	2051	2052
<b>Starting Balance</b>	\$493,583	\$417,739	\$553,237	\$646,800	\$718,524
<i>Reserve Income</i>	\$120,380	\$125,797	\$131,458	\$137,373	\$143,555
<i>Interest Earnings</i>	\$9,105	\$9,701	\$11,990	\$13,641	\$13,786
<i>Alternative Funding</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$623,068	\$553,237	\$696,685	\$797,814	\$875,866
<b>Reserve Expenditures</b>	\$205,329	\$0	\$49,885	\$79,290	\$214,560
<b>Ending Balance</b>	\$417,739	\$553,237	\$646,800	\$718,524	\$661,306

Yearly Expenditures Graph For Willow Creek III (Townhomes)

### Reserve Expenditures



*Projected Reserve Expenditures For Willow Creek III (Townhomes)*

<b>Year</b>	<b>Asset ID</b>	<b>Asset Name</b>	<b>Projected Cost</b>	<b>Total Per Annum</b>
2023	401	Asphalt - Overlay (Original)	\$45,030	
	402	Asphalt - Surface Application (A)	\$13,123	\$58,153
2024	402	Asphalt - Surface Application (B)	\$4,774	
	403	Concrete - Repair/Replace	\$53,737	
	1801	Groundcover - Replenish	\$8,904	\$67,414
2025	809	Signage - Replace	\$21,369	
	1804	Tree - Replacement/Major Maintenance	\$15,636	\$37,005
2026		No Expenditures Projected		\$0
2027	402	Asphalt - Surface Application (A)	\$15,799	
	1801	Groundcover - Replenish	\$10,234	\$26,033
2028	402	Asphalt - Surface Application (B)	\$5,748	
	403	Concrete - Repair/Replace	\$64,698	\$70,445
2029		No Expenditures Projected		\$0
2030	1801	Groundcover - Replenish	\$11,762	
	1804	Tree - Replacement/Major Maintenance	\$19,719	\$31,482
2031	402	Asphalt - Surface Application (A)	\$19,022	\$19,022
2032	402	Asphalt - Surface Application (B)	\$6,920	
	403	Concrete - Repair/Replace	\$77,894	\$84,814
2033	1801	Groundcover - Replenish	\$13,519	\$13,519
2034		No Expenditures Projected		\$0
2035	402	Asphalt - Surface Application (A)	\$22,902	
	803	Mailboxes - Replace	\$92,147	
	1804	Tree - Replacement/Major Maintenance	\$24,869	\$139,918
2036	401	Asphalt - Overlay (2012)	\$54,875	
	402	Asphalt - Surface Application (B)	\$8,332	
	403	Concrete - Repair/Replace	\$93,782	
	1801	Groundcover - Replenish	\$15,539	\$172,528
2037		No Expenditures Projected		\$0
2038		No Expenditures Projected		\$0
2039	402	Asphalt - Surface Application (A)	\$27,573	
	1801	Groundcover - Replenish	\$17,860	\$45,433
2040	402	Asphalt - Surface Application (B)	\$10,031	
	403	Concrete - Repair/Replace	\$112,911	
	1804	Tree - Replacement/Major Maintenance	\$31,364	\$154,306
2041	401	Asphalt - Overlay (2017)	\$77,898	\$77,898
2042	401	Asphalt - Overlay (2018)	\$139,693	
	1801	Groundcover - Replenish	\$20,528	\$160,221
2043	402	Asphalt - Surface Application (A)	\$33,197	\$33,197
2044	401	Asphalt - Overlay (2020)	\$21,286	
	402	Asphalt - Surface Application (B)	\$12,077	
	403	Concrete - Repair/Replace	\$135,941	\$169,304
2045	809	Signage - Replace	\$54,059	
	1801	Groundcover - Replenish	\$23,594	
	1804	Tree - Replacement/Major Maintenance	\$39,555	\$117,208
2046		No Expenditures Projected		\$0
2047	401	Asphalt - Overlay (Original)	\$137,151	
	402	Asphalt - Surface Application (A)	\$39,968	\$177,119
2048	402	Asphalt - Surface Application (B)	\$14,540	
	403	Concrete - Repair/Replace	\$163,670	
	1801	Groundcover - Replenish	\$27,119	\$205,329
2049		No Expenditures Projected		\$0
2050	1804	Tree - Replacement/Major Maintenance	\$49,885	\$49,885
2051	402	Asphalt - Surface Application (A)	\$48,120	



<b>Year</b>	<b>Asset ID</b>	<b>Asset Name</b>	<b>Projected Cost</b>	<b>Total Per Annum</b>
	1801	Groundcover - Replenish	\$31,170	\$79,290
2052	402	Asphalt - Surface Application (B)	\$17,506	
	403	Concrete - Repair/Replace	\$197,054	\$214,560
2053		No Expenditures Projected		\$0

## **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.

