



2026

Reserve Study Report

Fifth Street Commons
130 5th Street, Langley, WA 98260

Level II - Update with site visit
Report Financial Year 2026
January 1, 2026 - December 31, 2026

Issued October 30, 2025



A Message to Fifth Street Commons

Dear Board Members,

Thank you for entrusting us with the responsibility of preparing the Reserve Study for Fifth Street Commons. We understand the important role you play in managing your community's long-term financial health, and it is our privilege to support you in this vital task.

This Reserve Study has been meticulously compiled to provide a comprehensive overview of your association's current reserve fund status and projected future needs. Our goal is to equip you with the tools and insights necessary to make informed decisions, ensuring the continued care and preservation of your shared property.

Thank you for your dedication to the Fifth Street Commons and for the thoughtful stewardship you bring to your community. We look forward to supporting you in maintaining the quality, value, and comfort of your shared home.

Warm regards,

Reserve Study Group

mail@reservestudygroup.com | 888.315.2843



Fifth Street Commons

Langley, 98260



Date built
1996



Units
16



Report
Level II



City
Langley

This map is provided for informational and planning purposes only. It is not intended to be used for description, conveyance, authoritative definition of legal boundary, or property title. This is not a survey product and is not to be construed or used as a legal description.



Executive Summary

The Executive Summary provides a concise snapshot of the key details and findings of this Reserve Study. It is designed to give your association's board members and stakeholders a clear understanding of the community's financial position and the steps needed to ensure long-term sustainability.

On these pages, you'll find the breakdown of the critical components that shape your reserve funding plan.



Reserve Fund Strength



Percent funded in reserve studies refers to the ratio of the current reserve fund balance to the Fully Funded Balance, expressed as a percentage.

Financial Assumptions

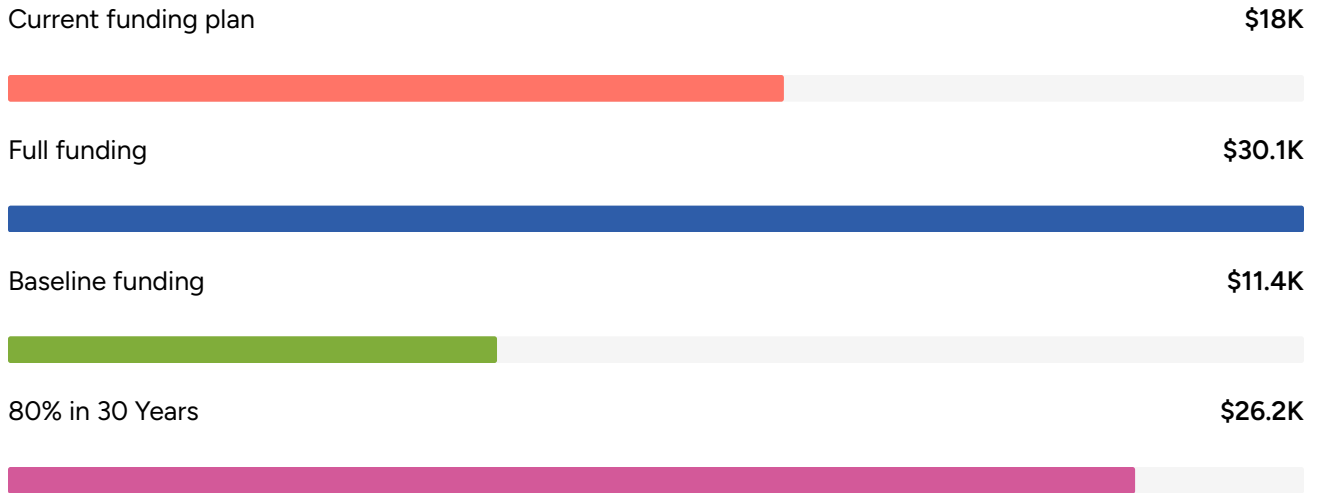
Inflation rate is based upon the average annual increase of the Consumer Price Index (CPI) over the last 30-years, as published by the US Bureau of Labor Statistics (www.labor.gov).

Inflation Rate
3%

Projection Period
30 years

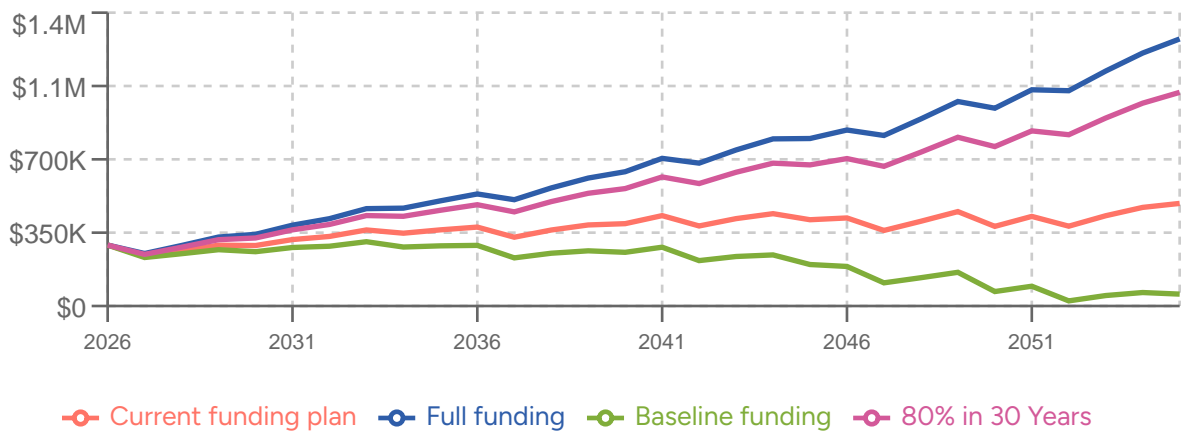


Reserve Contributions



We recommend that reserve contributions be evenly distributed between members over the life of a community. An ideal contribution range is provided to help establish fair and equitable reserve contributions moving forward.

Reserve Account Projection



This graph projects the reserve account balances over time under various custom funding plans, illustrating the long-term impact of different contribution strategies.



Five Year Outlook

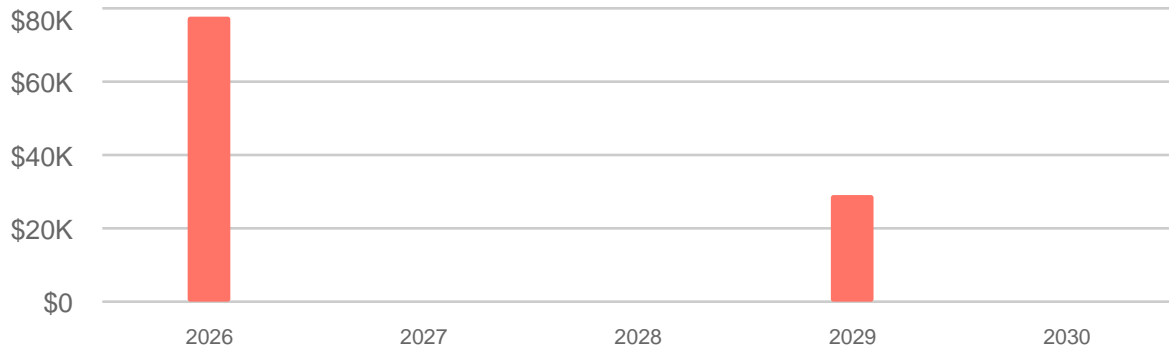
The Five Year Outlook provides a detailed projection of your community's anticipated reserve expenditures over the next five years. This section offers a year-by-year breakdown of major component replacements and maintenance costs, enabling your association to plan ahead and allocate resources effectively.

By outlining the timing and cost of significant expenses, we help ensure your community is prepared to address its short and long-term financial responsibilities.



Five Year Outlook

Annual reserve expenditures



This chart presents the projected annual reserve expenditures for all components over the next five years, reflecting the costs required to maintain and replace community assets.



Component Name	Category	Replacement cost
Year 2026		Total Cost \$77,730
Paving, Asphalt, Repair & Seal Coat	General Site	\$6,390
Fence, 4' Wood Picket, Replace (East Property Line)	General Site	\$11,500
Storage Shed	General Site	\$3,000
Washer/Dryer, Replace	Common House	\$4,000
Electrical Service, Inspect & Repair Allowance	Common House	\$12,000
Roof, Gutters & Downspouts, Replace	Buildings A, B, C & D	\$14,820
Deck, Surface, Sheet Vinyl, Replace	Buildings A, B, C & D	\$18,000
Plumbing, General Contingency	Buildings A, B, C & D	\$5,500
Deck, Railing, Paint & Repair	Buildings A, B, C & D	\$2,520
Year 2027		No Expenses
Year 2028		No Expenses
Year 2029		Total Cost \$29,073
Interior Walls & Ceiling, Paint	Common House	\$6,065
Interior Flooring, Carpet, Replace	Common House	\$6,119
Kitchen, Remodel	Common House	\$16,391
Curb, Concrete, 2% Repair	General Site	\$498
Year 2030		No Expenses



Introduction to Reserve Studies

A reserve study is a vital planning tool that helps board members and property owners ensure the long-term financial health and maintenance of their shared assets. It serves as a comprehensive roadmap for understanding the condition, lifespan, and future repair or replacement costs of a community's physical components.

By fostering proactive planning and budgeting, reserve studies protect communities from unexpected expenses and financial instability, while promoting transparency and trust among homeowners.

Key Benefits of Reserve Studies

A reserve study is a planning tool that helps property owners, association managers, and board members ensure the long-term financial health and maintenance of their shared assets. It serves as a comprehensive roadmap for understanding the condition, lifespan, and future repair or replacement costs of a community's physical components. By fostering proactive planning and budgeting, reserve studies protect communities from unexpected expenses and financial instability, while promoting transparency and trust among homeowners.



Financial Stability

By forecasting future repair and replacement costs, reserve studies help associations avoid unexpected expenses and funding shortfalls. This proactive approach reduces the need for special assessments or loans, which can place a financial burden on homeowners.



Effective Resource Allocation

Reserve studies allow associations to prioritize repairs and replacements based on the condition and urgency of each component. This ensures funds are allocated efficiently and that critical assets are maintained without unnecessary delays.



Transparency and Trust

A detailed breakdown of the reserve fund, including projected costs and funding strategies, demonstrates that the association is responsible and proactive in managing community finances. This transparency fosters trust and a sense of community among homeowners.



Property Value Protection

Well-maintained assets contribute to higher property values, marketability, and overall homeowner satisfaction. Reserve studies play a key role in ensuring that these assets remain in good condition over time.



Compliance with Standards

Many jurisdictions and governing bodies require regular reserve studies to ensure associations are adequately funded. By adhering to these standards, associations can avoid legal and regulatory issues.



Key Benefits of Reserve Studies

When undertaking a reserve study, it is essential to define goals and outcomes in an effort to maximize the report's effectiveness and ensure it delivers meaningful value to the community. Establishing specific objectives allows association managers and board members to plan more effectively for the future, ensuring that sufficient funds are available to properly maintain shared property and assets over the long term.

A successful reserve study begins with clear goals and desired outcomes. These include:

- **Condition Assessment:** Identifying the current state and remaining useful life of each component. This enables associations to plan for necessary repairs and replacements with minimal disruption.
- **Funding Analysis:** Determining whether the reserve account has sufficient funds to cover anticipated expenses. If deficiencies are identified, associations can take steps to address them through increased assessments, revised budgets, or cost-saving measures.
- **Proactive Planning:** Ensuring that the reserve fund is adequately prepared for future needs. This reduces financial stress on homeowners and prevents crises that could arise from inadequate planning.
- **Community Trust:** Demonstrating fiscal responsibility and transparency through a detailed and accessible reserve study report. This builds confidence among homeowners and promotes collaboration within the community.

Key Components of a Reserve Study

A reserve study is built on two fundamental analyses: the **Physical Analysis** and the **Financial Analysis**. These components work together to provide a comprehensive picture of a community's shared assets, and the financial strategies required to maintain them.

Physical Analysis

The physical analysis focuses on the community's tangible assets, examining their condition, lifespan, and maintenance needs. This process includes the following:

- 1 Component Inventory
 - Identifying all major components maintained by the association, such as roofs, HVAC systems, parking lots, elevators, pool equipment, recreational facilities, plumbing, and electrical systems.
 - Each component is evaluated to ensure it meets the criteria for inclusion, such as being part of shared property, having a predictable lifecycle, and requiring significant funds for maintenance or replacement.
- 2 Condition Assessment
 - Determining the current state of each component, including visible wear and tear, structural integrity, and functional performance.
 - This step often involves on-site inspections conducted by engineers, architects, reserve specialists or other qualified professionals to provide accurate and objective assessments.
- 3 Useful Life Evaluation
 - Estimating the remaining useful life of each component based on its age, condition, and historical performance.
 - This evaluation considers environmental factors, usage patterns, and industry standards to forecast when maintenance, repair, or replacement will be needed.
- 4 Cost Estimation
 - Calculating the cost of repairing or replacing each component at the appropriate time. These estimates account for inflation, market trends, labor costs, and material prices to ensure the projections are realistic.
 - Accurate cost estimation allows associations to prepare for future expenditures and allocate funds appropriately.



Financial Analysis

The financial analysis connects the physical assessment of assets to the funding strategies required to meet future obligations. It includes:

- 1 Reserve Fund Status Assessment
 - Evaluating the current reserve fund balance and comparing it to the anticipated costs of future repairs and replacements.
 - This step provides a snapshot of the association's financial health, highlighting any existing funding deficiencies.
- 2 Funding Strategy Development
 - Recommending tailored funding plans that align with the association's financial goals and regulatory requirements. Common strategies include:
 - **Full Funding:** Ensuring that the reserve fund contains 100% of the projected costs for all components at any given time.
 - **Baseline Funding:** Maintaining a reserve balance that never falls below zero while covering future obligations.
 - **Threshold Funding:** Establishing a minimum reserve fund level above zero to provide an additional safety margin.
- 3 Cash Flow Analysis
 - Creating a cash flow projection that outlines how reserve funds will be collected, allocated, and spent over time. This analysis helps associations manage resources efficiently and avoid cash shortages.
- 4 Funding Recommendations
 - Offering actionable recommendations to ensure financial stability, such as adjusting assessment rates, implementing special assessments, or revising expenditure plans.

By combining the detailed insights from the **Physical Analysis** with the strategic planning of the **Financial Analysis**, a reserve study provides associations with a clear, actionable roadmap. This enables proactive maintenance, financial stability, and a well-managed community that benefits all residents.



Component List

The Component List provides a comprehensive inventory of all shared property assets included in this Reserve Study. Each component is detailed with its useful life, remaining useful life, quantity, unit cost, and current replacement cost.

This section enables board members to understand the condition and expected expenses for maintaining or replacing these assets, forming the foundation of the reserve fund analysis and planning.



Component List

Name	UL	RUL	Quantity	Change Percent	Unit Cost	Current Cost
BUILDINGS A, B, C & D						
Roof, Metal Standing Seam, Replace	50 years	43 years	95 SQ	100%	\$900	\$85,500
Roof, Gutters & Downspouts, Replace	25 years	0 years	1235 LF	100%	\$12	\$14,820
Siding, Replace	60 years	30 years	13735 SF	100%	\$20	\$274,700
Exterior Clean, Paint, Stain & Seal	8 years	7 years	15375 SF	100%	\$2.5	\$38,437.5
Windows, Glass, 25% Replace	10 years	9 years	1 LS	100%	\$8,600	\$8,600
Deck, Surface, Sheet Vinyl, Replace	25 years	0 years	720 SF	100%	\$25	\$18,000
Deck, Railing, Paint & Repair	10 years	0 years	168 LF	100%	\$15	\$2,520
Deck, Railings, Replace	30 years	29 years	168 LF	100%	\$120	\$20,160
Plumbing, General Contingency	10 years	0 years	1 LS	100%	\$5,500	\$5,500
COMMON HOUSE						
Roof, Metal Standing Seam, Replace	50 years	38 years	16 SQ	100%	\$900	\$14,400
Roof, Skylights, Replace	40 years	28 years	3 EA	100%	\$800	\$2,400
Solar Power System, Solar Panels, Replace	30 years	18 years	1 LS	100%	\$27,000	\$27,000
Solar Power System, Photo Voltaic Inverter, Replace	20 years	8 years	1 EA	100%	\$6,500	\$6,500
Siding, Fiber Cement & Cedar Shingles, Replace	60 years	48 years	1640 SF	100%	\$20	\$32,800
Interior Walls & Ceiling, Paint	10 years	3 years	3700 SF	100%	\$1.5	\$5,550
Interior Flooring, Carpet, Replace	12 years	3 years	350 SF	100%	\$16	\$5,600
Interior Flooring, Vinyl Tile, Replace	30 years	18 years	600 SF	100%	\$5.5	\$3,300
Interior Light Fixtures, Replace	20 years	8 years	20 EA	100%	\$150	\$3,000
Water Heater, Replace	10 years	9 years	1 EA	100%	\$7,000	\$7,000
Kitchen, Remodel	10 years	3 years	1 LS	100%	\$15,000	\$15,000
Washer/Dryer, Replace	10 years	0 years	1 LS	100%	\$4,000	\$4,000
A/C Split System, Replace	20 years	8 years	1 EA	100%	\$3,500	\$3,500
Deck, Composite, Replace	30 years	18 years	460 SF	100%	\$25	\$11,500
Electrical Service, Inspect & Repair Allowance	50 years	0 years	1 LS	100%	\$12,000	\$12,000
GENERAL SITE						



Name	UL	RUL	Quantity	Change Percent	Unit Cost	Current Cost
Paving, Asphalt, Repair & Overlay	40 years	10 years	10650 SF	100%	\$4	\$42,600
Paving, Asphalt, Repair & Seal Coat	5 years	0 years	10650 SF	100%	\$0.60	\$6,390
Curb, Concrete, 2% Repair	10 years	3 years	570 LF	2%	\$40	\$456
Concrete, Flatwork, Limited Replace	10 years	5 years	6350 SF	5%	\$20	\$6,350
Fence, 4' Wood Picket, Replace (Fifth St)	20 years	12 years	164 LF	100%	\$50	\$8,200
Fence, 4' Wood Picket, Replace (East Property Line)	20 years	0 years	230 LF	100%	\$50	\$11,500
Fence, Wood-Framed Wire, Replace (Fifth Street)	20 years	17 years	165 LF	100%	\$65	\$10,725
Trash & Propane Enclosures	20 years	19 years	1 LS	100%	\$4,000	\$4,000
Mailboxes, Multi-Unit, Replace	25 years	16 years	1 EA	100%	\$2,950	\$2,950
Carports, Roof, Metal, Replace	50 years	20 years	30 SQ	100%	\$900	\$27,000
Storage Shed	30 years	0 years	2 EA	100%	\$1,500	\$3,000



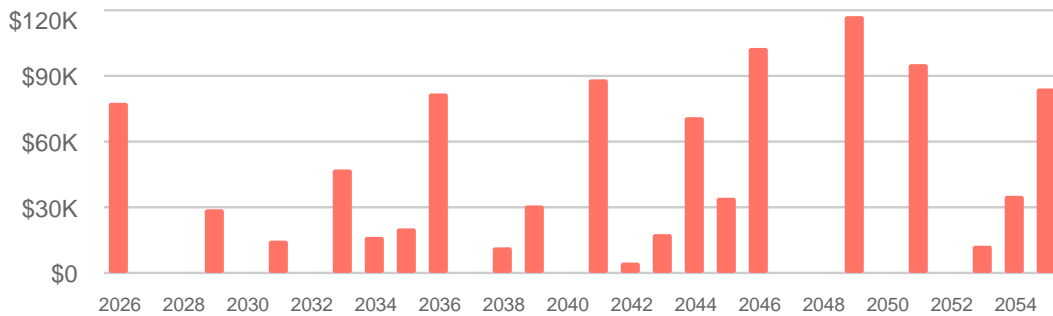
Anticipated Expenditure

The Anticipated Expenditure section provides a comprehensive projection of expected costs for maintaining and replacing shared property components over a 30-year period. This section includes annual reserve expenditures broken down by components, detailing useful life, remaining useful life, and current replacement costs.

By understanding these long-term projections, board members can effectively plan contributions and ensure the financial stability of the community for decades to come.



Annual reserve expenditures



This chart shows the projected annual reserve expenditures over a 30-year period, highlighting the anticipated costs required to maintain and replace community assets. Recommendations are provided to ensure fair and equitable reserve contributions across the community's lifespan.

Component Name	Category	Replacement cost
Year 2026		Total Cost \$77,730
Paving, Asphalt, Repair & Seal Coat	General Site	\$6,390
Fence, 4' Wood Picket, Replace (East Property Line)	General Site	\$11,500
Storage Shed	General Site	\$3,000
Washer/Dryer, Replace	Common House	\$4,000
Electrical Service, Inspect & Repair Allowance	Common House	\$12,000
Roof, Gutters & Downspouts, Replace	Buildings A, B, C & D	\$14,820
Deck, Surface, Sheet Vinyl, Replace	Buildings A, B, C & D	\$18,000
Plumbing, General Contingency	Buildings A, B, C & D	\$5,500
Deck, Railing, Paint & Repair	Buildings A, B, C & D	\$2,520
Year 2027		No Expenses
Year 2028		No Expenses
Year 2029		Total Cost \$29,073
Interior Walls & Ceiling, Paint	Common House	\$6,065
Interior Flooring, Carpet, Replace	Common House	\$6,119
Kitchen, Remodel	Common House	\$16,391
Curb, Concrete, 2% Repair	General Site	\$498



Component Name	Category	Replacement cost
Year 2030		No Expenses
Year 2031		Total Cost \$14,769
Paving, Asphalt, Repair & Seal Coat	General Site	\$7,408
Concrete, Flatwork, Limited Replace	General Site	\$7,361
Year 2032		No Expenses
Year 2033		Total Cost \$47,273
Exterior Clean, Paint, Stain & Seal	Buildings A, B, C & D	\$47,273
Year 2034		Total Cost \$16,468
Solar Power System, Photo Voltaic Inverter, Replace	Common House	\$8,234
Interior Light Fixtures, Replace	Common House	\$3,800
A/C Split System, Replace	Common House	\$4,434
Year 2035		Total Cost \$20,354
Water Heater, Replace	Common House	\$9,133
Windows, Glass, 25% Replace	Buildings A, B, C & D	\$11,221
Year 2036		Total Cost \$81,992
Paving, Asphalt, Repair & Seal Coat	General Site	\$8,588
Paving, Asphalt, Repair & Overlay	General Site	\$57,251
Washer/Dryer, Replace	Common House	\$5,376
Plumbing, General Contingency	Buildings A, B, C & D	\$7,392
Deck, Railing, Paint & Repair	Buildings A, B, C & D	\$3,387
Year 2037		No Expenses
Year 2038		Total Cost \$11,691
Fence, 4' Wood Picket, Replace (Fifth St)	General Site	\$11,691



Component Name	Category	Replacement cost
Year 2039		Total Cost \$30,848
Interior Walls & Ceiling, Paint	Common House	\$8,150
Kitchen, Remodel	Common House	\$22,028
Curb, Concrete, 2% Repair	General Site	\$670
Year 2040		No Expenses
Year 2041		Total Cost \$88,457
Paving, Asphalt, Repair & Seal Coat	General Site	\$9,955
Concrete, Flatwork, Limited Replace	General Site	\$9,893
Interior Flooring, Carpet, Replace	Common House	\$8,725
Exterior Clean, Paint, Stain & Seal	Buildings A, B, C & D	\$59,884
Year 2042		Total Cost \$4,734
Mailboxes, Multi-Unit, Replace	General Site	\$4,734
Year 2043		Total Cost \$17,727
Fence, Wood-Framed Wire, Replace (Fifth Street)	General Site	\$17,727
Year 2044		Total Cost \$71,162
Solar Power System, Solar Panels, Replace	Common House	\$45,966
Interior Flooring, Vinyl Tile, Replace	Common House	\$5,618
Deck, Composite, Replace	Common House	\$19,578
Year 2045		Total Cost \$34,369
Trash & Propane Enclosures	General Site	\$7,014
Water Heater, Replace	Common House	\$12,275
Windows, Glass, 25% Replace	Buildings A, B, C & D	\$15,080



Component Name	Category	Replacement cost
Year 2046		Total Cost \$102,786
Paving, Asphalt, Repair & Seal Coat	General Site	\$11,541
Fence, 4' Wood Picket, Replace (East Property Line)	General Site	\$20,770
Washer/Dryer, Replace	Common House	\$7,224
Carports, Roof, Metal, Replace	General Site	\$48,765
Plumbing, General Contingency	Buildings A, B, C & D	\$9,934
Deck, Railing, Paint & Repair	Buildings A, B, C & D	\$4,551
Year 2047		No Expenses
Year 2048		No Expenses
Year 2049		Total Cost \$117,317
Interior Walls & Ceiling, Paint	Common House	\$10,953
Kitchen, Remodel	Common House	\$29,604
Exterior Clean, Paint, Stain & Seal	Buildings A, B, C & D	\$75,860
Curb, Concrete, 2% Repair	General Site	\$900
Year 2050		No Expenses
Year 2051		Total Cost \$95,393
Paving, Asphalt, Repair & Seal Coat	General Site	\$13,379
Concrete, Flatwork, Limited Replace	General Site	\$13,295
Roof, Gutters & Downspouts, Replace	Buildings A, B, C & D	\$31,030
Deck, Surface, Sheet Vinyl, Replace	Buildings A, B, C & D	\$37,688
Year 2052		No Expenses
Year 2053		Total Cost \$12,439
Interior Flooring, Carpet, Replace	Common House	\$12,439



Component Name	Category	Replacement cost
Year 2054		Total Cost \$35,234
Roof, Skylights, Replace	Common House	\$5,491
Solar Power System, Photo Voltaic Inverter, Replace	Common House	\$14,872
Interior Light Fixtures, Replace	Common House	\$6,864
A/C Split System, Replace	Common House	\$8,008
Year 2055		Total Cost \$84,271
Water Heater, Replace	Common House	\$16,496
Windows, Glass, 25% Replace	Buildings A, B, C & D	\$20,266
Deck, Railings, Replace	Buildings A, B, C & D	\$47,508



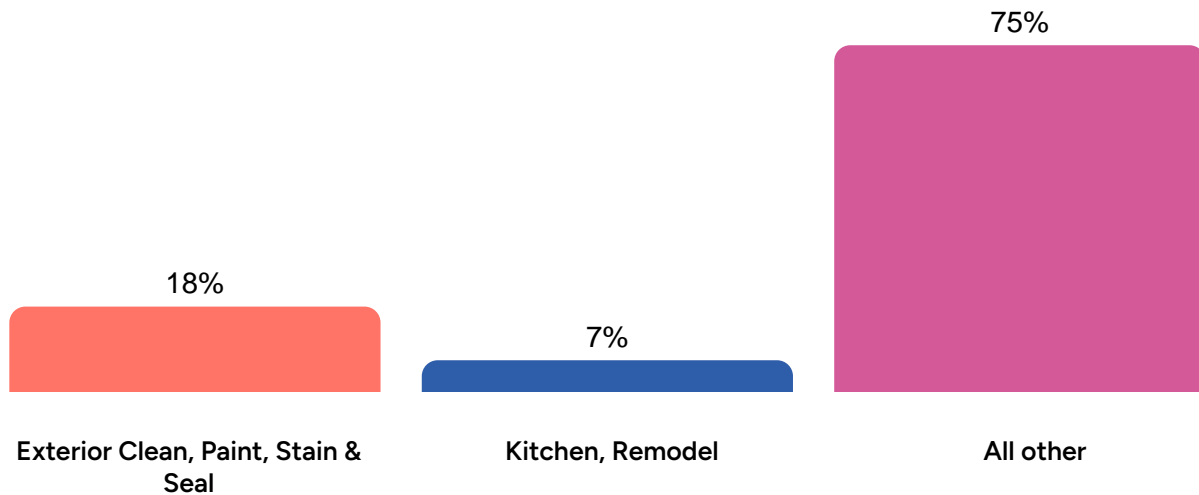
Reserve Expenses

The Anticipated Expenditure section provides a comprehensive projection of expected costs for maintaining and replacing shared property components over a 30-year period. This section includes annual reserve expenditures broken down by components, detailing useful life, remaining useful life, and current replacement costs.

By understanding these long-term projections, board members can effectively plan contributions and ensure the financial stability of the community for decades to come.

Reserve Expenses Summary

Major Expenses

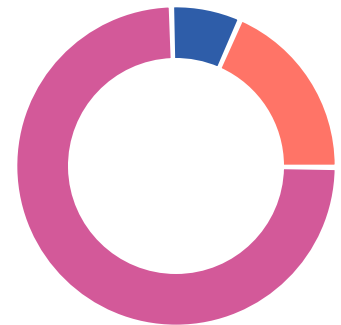


Kitchen, Remodel	\$68,023
Exterior Clean, Paint, Stain & Seal	\$183,017

Breakdown is based upon the average annual cost of the reserve component and serves to highlight the significance of the association's two largest expenses.

Expense Category Breakdown

Category	Amount/Share	
● Exterior Clean, Paint, Stain & Seal	\$183,017	18%
● Kitchen, Remodel	\$68,023	7%
● All Other	\$743,047	75%

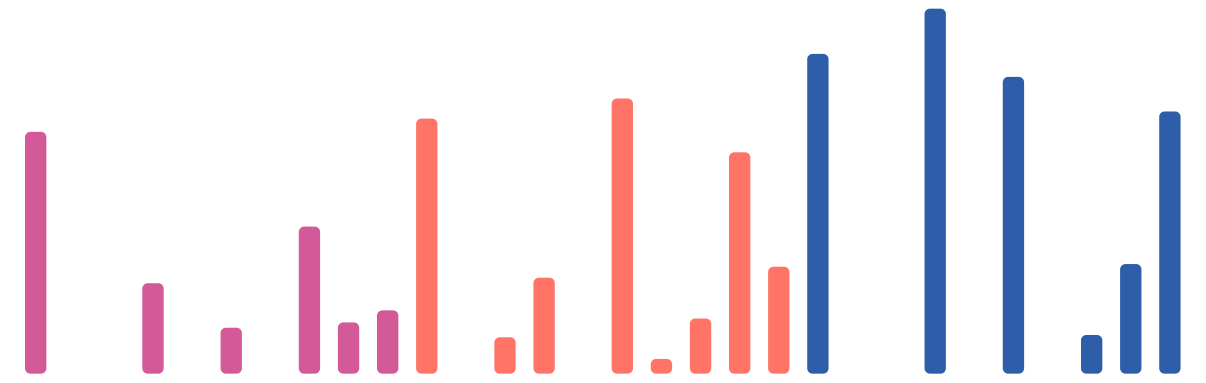




Reserve Account

Total Expenses over 30 years **\$994,087**

Average Annual Expense over 30 years **\$33,136**



Expenditures for major reserve components are outlined in greater details within the report. We recommend that the report is read in its entirety in order to understand how conclusions and results have been formulated.

Expense Outlook

Year 1-10, Short-term expenses **\$205,668**



Year 11-20, Mid-term expenses **\$340,980**



Year 21-30, Long-term expenses **\$447,439**



The timing and significance of expenses will help the association in establishing investment windows and timelines for adequately saving for anticipated expenses.



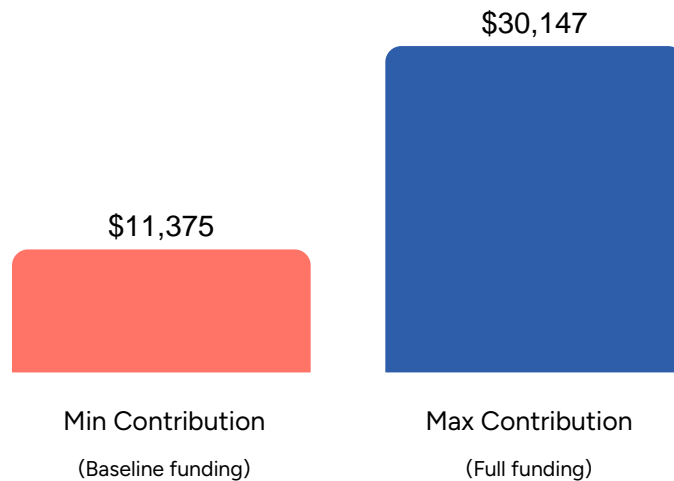
Funding Summary

The Funding Summary provides an analysis of your community's reserve fund balance, highlighting current contributions, minimum funding levels, and the target for full funding. This section includes the current balance, the fully funded balance, and the percent funded, offering a clear picture of the community's financial health.

By understanding these funding benchmarks, board members can evaluate the adequacy of reserve contributions and take proactive steps to meet the long-term needs of the association.

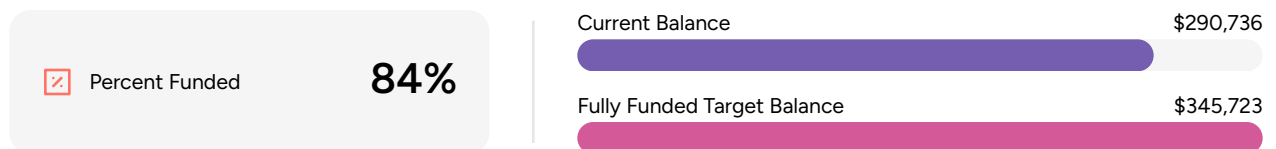
Funding Summary

How much should you contribute to reserves?



We recommend that reserve contributions be evenly distributed between members over the life of a community. An ideal contribution range is provided to help establish fair and equitable reserve contributions moving forward. Any special assessments planned or otherwise factored into the reserve study, are in addition to the contribution amounts above.

How well funded are you?



Percent funded in reserve studies refers to the ratio of the current reserve fund balance to the Fully Funded Balance, expressed as a percentage.



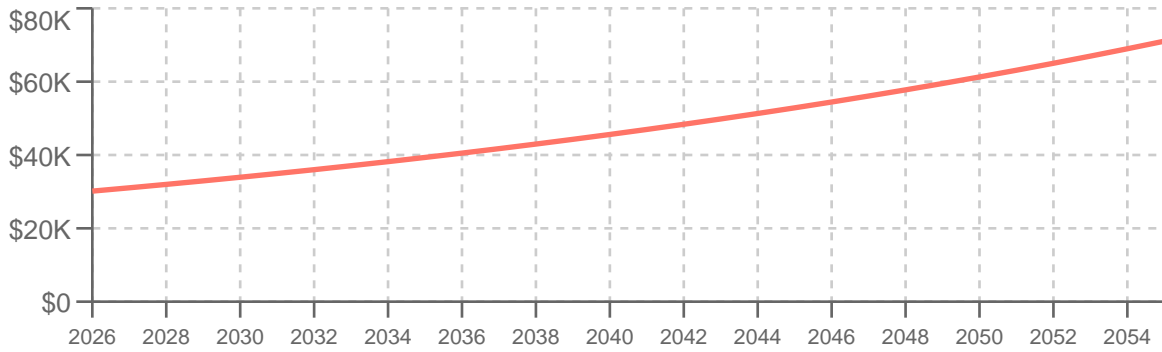
Funding Models

The Funding Models section explores multiple strategies for reserve fund contributions, including Baseline Funding, Fully Funded models, and any Custom Funding Plans created for your community. Each model outlines projected balances, contributions, expenses, and funding levels over the 30-year study period.

By comparing these scenarios, board members can assess the financial implications of each approach and select a plan that best meets the community's long-term needs while maintaining financial stability.

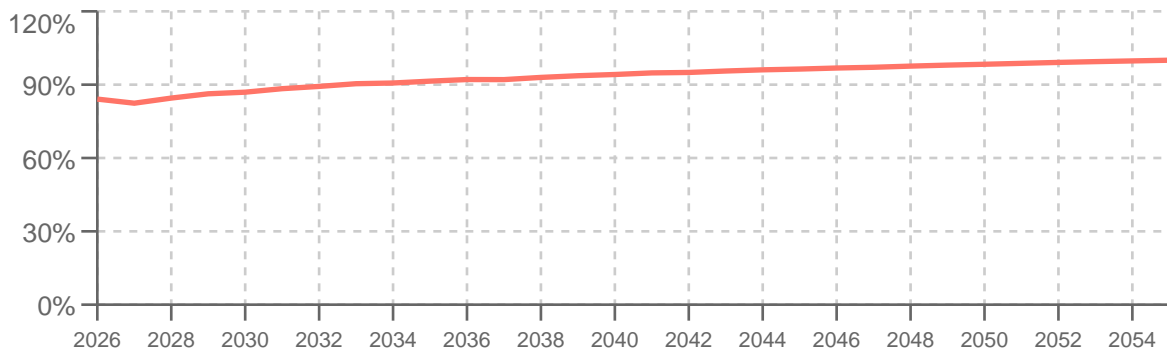
Full funding

Contribution Amount



This graph projects the reserve account balances over time under various custom funding plans, illustrating the long-term impact of different contribution strategies.

Percentage Funded



This graph projects the reserve account balances over time under various custom funding plans, illustrating the long-term impact of different contribution strategies.

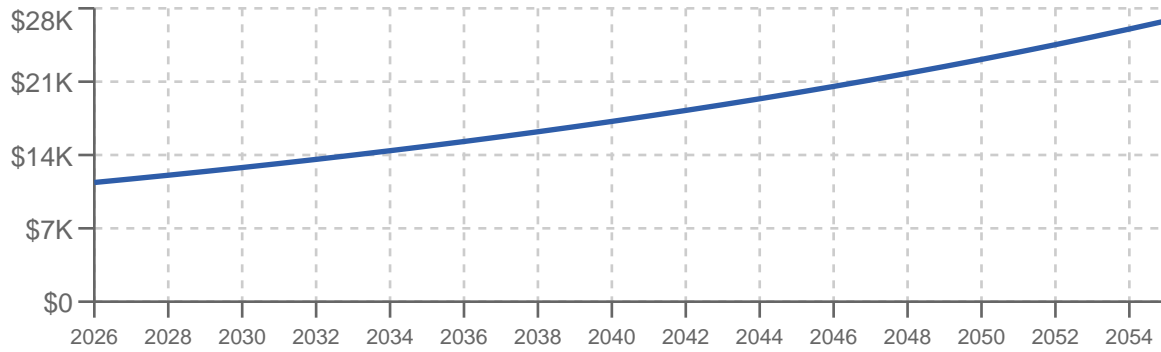


Full funding

Fiscal Year	Percentage Funded	Fully Funded Balance	Starting Balance	Contribution Amount	Special Assessment	Interest Earned	Reserve Expenses
2026	84%	\$345,723	\$290,736	\$30,147	\$0	\$7,297.37	\$77,730
2027	82%	\$303,886	\$250,450	\$31,051	\$0	\$7,270.89	\$0
2028	85%	\$341,692	\$288,772	\$31,983	\$0	\$8,331.22	\$0
2029	86%	\$381,492	\$329,086	\$32,942	\$0	\$9,049.01	\$29,073
2030	87%	\$393,428	\$342,005	\$33,931	\$0	\$9,813.03	\$0
2031	88%	\$436,581	\$385,748	\$34,949	\$0	\$10,820.88	\$14,769
2032	89%	\$466,756	\$416,749	\$35,997	\$0	\$11,884.52	\$0
2033	90%	\$514,017	\$464,630	\$37,077	\$0	\$12,562.06	\$47,273
2034	91%	\$515,003	\$466,996	\$38,189	\$0	\$13,062.99	\$16,468
2035	91%	\$548,775	\$501,780	\$39,335	\$0	\$13,976.41	\$20,354
2036	92%	\$580,616	\$534,737	\$40,515	\$0	\$14,050.98	\$81,992
2037	92%	\$551,015	\$507,310	\$41,730	\$0	\$14,438.54	\$0
2038	93%	\$606,101	\$563,479	\$42,982	\$0	\$15,831.32	\$11,691
2039	94%	\$651,955	\$610,601	\$44,272	\$0	\$16,875.27	\$30,848
2040	94%	\$680,644	\$640,900	\$45,600	\$0	\$18,143.34	\$0
2041	95%	\$743,194	\$704,644	\$46,968	\$0	\$18,695.5	\$88,457
2042	95%	\$717,774	\$681,850	\$48,377	\$0	\$19,236.01	\$4,734
2043	96%	\$779,128	\$744,729	\$49,828	\$0	\$20,797.15	\$17,727
2044	96%	\$830,281	\$797,627	\$51,323	\$0	\$21,533.29	\$71,162
2045	96%	\$829,312	\$799,322	\$52,863	\$0	\$22,103.56	\$34,369
2046	97%	\$867,633	\$839,920	\$54,449	\$0	\$22,299.89	\$102,786
2047	97%	\$838,099	\$813,882	\$56,082	\$0	\$23,015.36	\$0
2048	98%	\$915,058	\$892,980	\$57,765	\$0	\$25,200.61	\$0
2049	98%	\$995,880	\$975,945	\$59,498	\$0	\$25,888.77	\$117,317
2050	98%	\$959,892	\$944,014	\$61,282	\$0	\$26,643.81	\$0
2051	99%	\$1,045,309	\$1,031,941	\$63,121	\$0	\$27,768.69	\$95,393
2052	99%	\$1,036,734	\$1,027,438	\$65,015	\$0	\$28,975.34	\$0
2053	99%	\$1,127,904	\$1,121,428	\$66,965	\$0	\$31,401.34	\$12,439
2054	100%	\$1,210,800	\$1,207,355	\$68,974	\$0	\$33,466.19	\$35,234
2055	100%	\$1,274,560	\$1,274,561	\$71,043	\$0	\$34,661.41	\$84,271

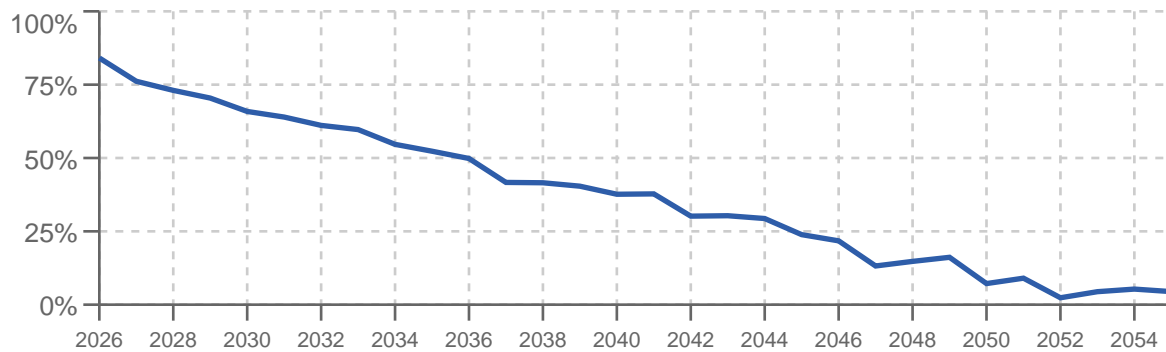
Baseline funding

Contribution Amount



This graph projects the reserve account balances over time under various custom funding plans, illustrating the long-term impact of different contribution strategies.

Percentage Funded



This graph projects the reserve account balances over time under various custom funding plans, illustrating the long-term impact of different contribution strategies.



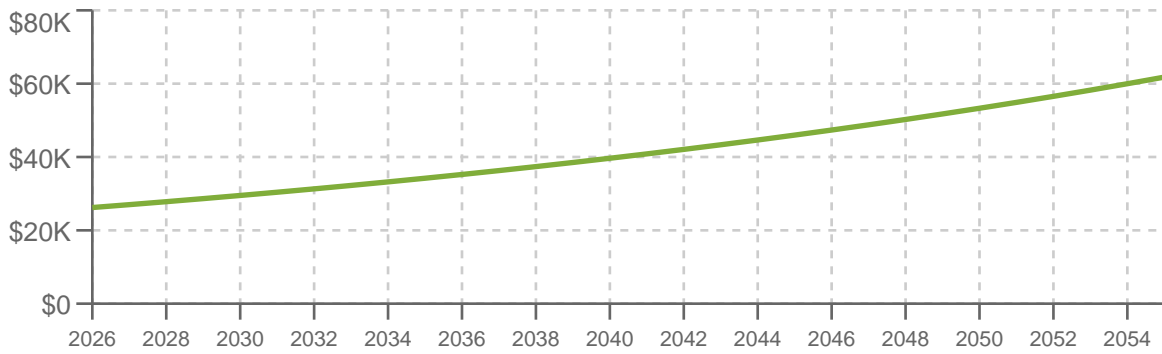
Baseline funding

Fiscal Year	Percentage Funded	Fully Funded Balance	Starting Balance	Contribution Amount	Special Assessment	Interest Earned	Reserve Expenses
2026	84%	\$345,723	\$290,736	\$11,375	\$0	\$7,040.79	\$77,730
2027	76%	\$303,886	\$231,422	\$11,717	\$0	\$6,486.45	\$0
2028	73%	\$341,692	\$249,625	\$12,068	\$0	\$6,988.86	\$0
2029	70%	\$381,492	\$268,682	\$12,430	\$0	\$7,117.38	\$29,073
2030	66%	\$393,428	\$259,156	\$12,803	\$0	\$7,259.46	\$0
2031	64%	\$436,581	\$279,219	\$13,187	\$0	\$7,611.28	\$14,769
2032	61%	\$466,756	\$285,248	\$13,583	\$0	\$7,983.37	\$0
2033	60%	\$514,017	\$306,814	\$13,990	\$0	\$7,932.34	\$47,273
2034	55%	\$515,003	\$281,463	\$14,410	\$0	\$7,666.13	\$16,468
2035	52%	\$548,775	\$287,071	\$14,842	\$0	\$7,772.22	\$20,354
2036	50%	\$580,616	\$289,331	\$15,287	\$0	\$6,997.59	\$81,992
2037	42%	\$551,015	\$229,624	\$15,746	\$0	\$6,492.36	\$0
2038	42%	\$606,101	\$251,862	\$16,218	\$0	\$6,946.94	\$11,691
2039	40%	\$651,955	\$263,336	\$16,705	\$0	\$7,005.42	\$30,848
2040	38%	\$680,644	\$256,199	\$17,206	\$0	\$7,238.79	\$0
2041	38%	\$743,194	\$280,643	\$17,722	\$0	\$6,705.02	\$88,457
2042	30%	\$717,774	\$216,613	\$18,254	\$0	\$6,106.28	\$4,734
2043	30%	\$779,128	\$236,240	\$18,802	\$0	\$6,472.69	\$17,727
2044	29%	\$830,281	\$243,787	\$19,366	\$0	\$5,956.36	\$71,162
2045	24%	\$829,312	\$197,947	\$19,947	\$0	\$5,214.09	\$34,369
2046	22%	\$867,633	\$188,739	\$20,545	\$0	\$4,035.41	\$102,786
2047	13%	\$838,099	\$110,534	\$21,161	\$0	\$3,310.87	\$0
2048	15%	\$915,058	\$135,006	\$21,796	\$0	\$3,988.53	\$0
2049	16%	\$995,880	\$160,791	\$22,450	\$0	\$3,098.81	\$117,317
2050	7%	\$959,892	\$69,023	\$23,124	\$0	\$2,202.92	\$0
2051	9%	\$1,045,309	\$94,349	\$23,817	\$0	\$1,600.88	\$95,393
2052	2%	\$1,036,734	\$24,375	\$24,532	\$0	\$1,001.64	\$0
2053	4%	\$1,127,904	\$49,909	\$25,268	\$0	\$1,539.68	\$12,439
2054	5%	\$1,210,800	\$64,277	\$26,026	\$0	\$1,631.25	\$35,234
2055	4%	\$1,274,560	\$56,700	\$26,807	\$0	\$764.54	\$84,271



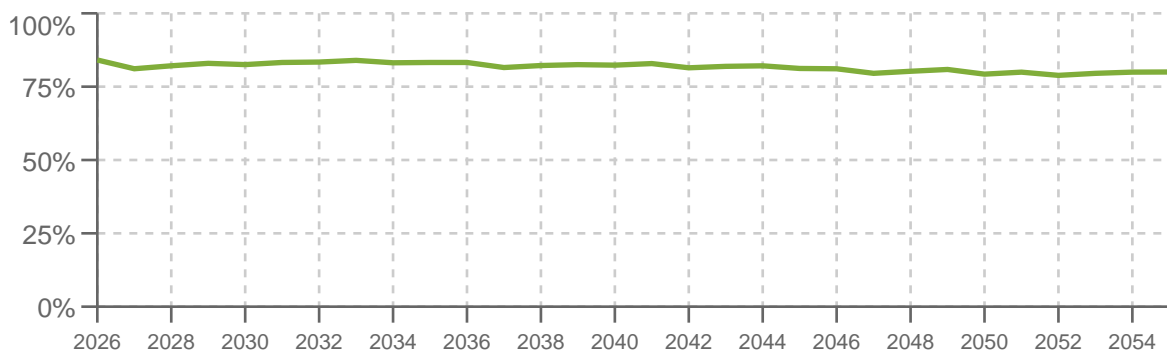
80% in 30 Years

Contribution Amount



This graph projects the reserve account balances over time under various custom funding plans, illustrating the long-term impact of different contribution strategies.

Percentage Funded



This graph projects the reserve account balances over time under various custom funding plans, illustrating the long-term impact of different contribution strategies.



80% in 30 Years

Fiscal Year	Percentage Funded	Fully Funded Balance	Starting Balance	Contribution Amount	Special Assessment	Interest Earned	Reserve Expenses
2026	84%	\$345,723	\$290,736	\$26,218	\$0	\$7,243.66	\$77,730
2027	81%	\$303,886	\$246,467	\$27,004	\$0	\$7,106.7	\$0
2028	82%	\$341,692	\$280,578	\$27,814	\$0	\$8,050.25	\$0
2029	83%	\$381,492	\$316,443	\$28,649	\$0	\$8,644.69	\$29,073
2030	83%	\$393,428	\$324,664	\$29,508	\$0	\$9,278.54	\$0
2031	83%	\$436,581	\$363,450	\$30,394	\$0	\$10,149.07	\$14,769
2032	83%	\$466,756	\$389,224	\$31,305	\$0	\$11,067.97	\$0
2033	84%	\$514,017	\$431,597	\$32,245	\$0	\$11,593	\$47,273
2034	83%	\$515,003	\$428,162	\$33,212	\$0	\$11,933.36	\$16,468
2035	83%	\$548,775	\$456,839	\$34,208	\$0	\$12,677.8	\$20,354
2036	83%	\$580,616	\$483,370	\$35,235	\$0	\$12,574.62	\$81,992
2037	82%	\$551,015	\$449,187	\$36,292	\$0	\$12,775.31	\$0
2038	82%	\$606,101	\$498,254	\$37,380	\$0	\$13,971.72	\$11,691
2039	83%	\$651,955	\$537,915	\$38,502	\$0	\$14,809.4	\$30,848
2040	82%	\$680,644	\$560,378	\$39,657	\$0	\$15,860.89	\$0
2041	83%	\$743,194	\$615,896	\$40,846	\$0	\$16,185.75	\$88,457
2042	81%	\$717,774	\$584,470	\$42,072	\$0	\$16,487.8	\$4,734
2043	82%	\$779,128	\$638,296	\$43,334	\$0	\$17,798.88	\$17,727
2044	82%	\$830,281	\$681,702	\$44,634	\$0	\$18,272.86	\$71,162
2045	81%	\$829,312	\$673,447	\$45,973	\$0	\$18,568.4	\$34,369
2046	81%	\$867,633	\$703,620	\$47,352	\$0	\$18,476.92	\$102,786
2047	80%	\$838,099	\$666,663	\$48,773	\$0	\$18,890.98	\$0
2048	80%	\$915,058	\$734,327	\$50,236	\$0	\$20,760.68	\$0
2049	81%	\$995,880	\$805,324	\$51,743	\$0	\$21,118.56	\$117,317
2050	79%	\$959,892	\$760,869	\$53,295	\$0	\$21,528.05	\$0
2051	80%	\$1,045,309	\$835,692	\$54,894	\$0	\$22,291.47	\$95,393
2052	79%	\$1,036,734	\$817,485	\$56,541	\$0	\$23,120.12	\$0
2053	80%	\$1,127,904	\$897,146	\$58,237	\$0	\$25,150.95	\$12,439
2054	80%	\$1,210,800	\$968,095	\$59,984	\$0	\$26,802.77	\$35,234
2055	80%	\$1,274,560	\$1,019,648	\$61,784	\$0	\$27,566.4	\$84,271



Reserve Component Analysis

The Reserve Component Inventory provides a detailed breakdown of all components assessed during the site visit. This section includes images, descriptions, and key data such as useful life, remaining useful life, quantity, and current replacement costs for each component.

By offering a visual and data-driven overview, this inventory enables board members to understand the scope of assets under management and the financial requirements for their maintenance and replacement.



Reserve Component Inventory



Date of Field Observations and Site Visit: **June 25, 2025**

On-Site Observation

When on-site our team conducts a representative sampling of common areas instead of inspecting every single area. This approach is designed to efficiently cover a broad range of components while ensuring that our observations are representative of the overall condition of the property. The samplings were chosen based on a stratified approach, ensuring a diverse and comprehensive representation of various property areas, including both high-traffic and less frequently used spaces.

We employed satellite and direct field measurements for a portion of the common areas. These methods provided us with precise data on the dimensions and current state of these spaces. In some instances, drawing takeoffs were utilized, particularly for areas where satellite or direct measurement was impractical or where existing architectural plans provided sufficient accuracy.

We collected photographic evidence during on-site visits to support our findings and provide visual documentation of the property's condition. It is important to note that our observations were limited to visible and accessible areas. Components that were not accessible during our visit or required invasive methods for assessment were not included in this study. Where possible, we consulted with specialized experts, particularly for complex systems to ensure a thorough and accurate assessment.



Buildings A, B, C & D

Roof, Metal Standing Seam, Replace



Cost: \$85,500



Quantity: 95 SQ



Useful Life: 50 years



Next replacement in: 43 year



Replacement timeline:



Buildings A, B, C & D

Roof, Gutters & Downspouts, Replace



Cost: \$14,820



Quantity: 1235 LF



Useful Life: 25 years



Next replacement in: 0 year



Replacement timeline:

1. 2026

2. 2051



Buildings A, B, C & D

Siding, Replace



Cost: \$274,700



Quantity: 13735 SF



Useful Life: 60 years

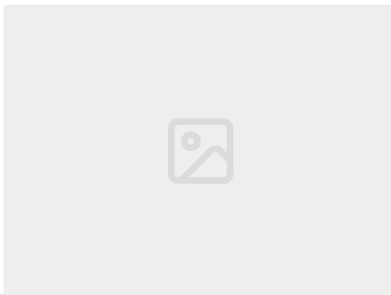


Next replacement in: 30 year



Replacement timeline:

1. 2056



Buildings A, B, C & D

Exterior Clean, Paint, Stain & Seal



Cost: \$38,437.5



Quantity: 15375 SF



Useful Life: 8 years



Next replacement in: 7 year



Replacement timeline:

1. 2033

2. 2041

3. 2049



Buildings A, B, C & D

Windows, Glass, 25% Replace



Cost: \$8,600



Quantity: 1 LS



Useful Life: 10 years



Next replacement in: 9 year



Replacement timeline:

1. 2035

2. 2045

3. 2055



Buildings A, B, C & D

Deck, Surface, Sheet Vinyl, Replace



Cost: \$18,000



Quantity: 720 SF



Useful Life: 25 years



Next replacement in: 0 year



Replacement timeline:

1. 2026

2. 2051



Buildings A, B, C & D

Deck, Railing, Paint & Repair



Cost: \$2,520



Quantity: 168 LF



Useful Life: 10 years



Next replacement in: 0 year



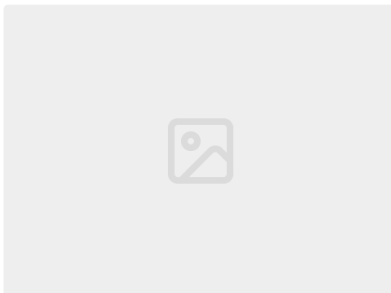
Replacement timeline:

1. 2026

2. 2036

3. 2046

4. 2056



Buildings A, B, C & D

Deck, Railings, Replace



Cost: \$20,160



Quantity: 168 LF



Useful Life: 30 years




Next replacement in: 29 year



Replacement timeline:

1. 2055



Buildings A, B, C & D

Plumbing, General Contingency


<p>\$ Cost: \$5,500</p> <p>🕒 Useful Life: 10 years</p> <p>🔄 Replacement timeline:</p>	<p>📦 Quantity: 1 LS</p> <p>🗑️ Next replacement in: 0 year</p> <p> 1. 2026 2. 2036 3. 2046 4. 2056 </p>
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Common House

Roof, Metal Standing Seam, Replace


<p>\$ Cost: \$14,400</p> <p>🕒 Useful Life: 50 years</p> <p>🔄 Replacement timeline:</p>	<p>📦 Quantity: 16 SQ</p> <p>🗑️ Next replacement in: 38 year</p>
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Common House

Roof, Skylights, Replace


<p>\$ Cost: \$2,400</p> <p>🕒 Useful Life: 40 years</p> <p>🔄 Replacement timeline:</p>	<p>📦 Quantity: 3 EA</p> <p>🗑️ Next replacement in: 28 year</p> <p> 1. 2054 </p>
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Common House

Solar Power System, Solar Panels, Replace

<p>\$ Cost: \$27,000</p> <p>🕒 Useful Life: 30 years</p> <p>🔄 Replacement timeline:</p>	<p>📦 Quantity: 1 LS</p> <p>🗑️ Next replacement in: 18 year</p> <p> 1. 2044 </p>
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Common House

Solar Power System, Photo Voltaic Inverter, Replace

\$ Cost: \$6,500	🗄️ Quantity: 1 EA
🕒 Useful Life: 20 years	🗄️ Next replacement in: 8 year
↻ Replacement timeline: 1. 2034 2. 2054	



Common House

Siding, Fiber Cement & Cedar Shingles, Replace


\$ Cost: \$32,800	🗄️ Quantity: 1640 SF
🕒 Useful Life: 60 years	🗄️ Next replacement in: 48 year
↻ Replacement timeline: 1. 2029 2. 2039 3. 2049	



Common House

Interior Walls & Ceiling, Paint

\$ Cost: \$5,550	🗄️ Quantity: 3700 SF
🕒 Useful Life: 10 years	🗄️ Next replacement in: 3 year
↻ Replacement timeline: 1. 2029 2. 2039 3. 2049	



Common House

Interior Flooring, Carpet, Replace

\$ Cost: \$5,600	🗄️ Quantity: 350 SF
🕒 Useful Life: 12 years	🗄️ Next replacement in: 3 year
↻ Replacement timeline: 1. 2029 2. 2041 3. 2053	



Common House

Interior Flooring, Vinyl Tile, Replace



Cost: \$3,300



Quantity: 600 SF



Useful Life: 30 years



Next replacement in: 18 year



Replacement timeline:

1. 2044



Common House

Interior Light Fixtures, Replace



Cost: \$3,000



Quantity: 20 EA



Useful Life: 20 years



Next replacement in: 8 year



Replacement timeline:

1. 2034

2. 2054



Common House

Water Heater, Replace



Cost: \$7,000



Quantity: 1 EA



Useful Life: 10 years



Next replacement in: 9 year



Replacement timeline:

1. 2035

2. 2045

3. 2055



Common House

Kitchen, Remodel



Cost: \$15,000



Quantity: 1 LS



Useful Life: 10 years



Next replacement in: 3 year



Replacement timeline:

1. 2029

2. 2039

3. 2049

Common House

Washer/Dryer, Replace

\$ Cost: \$4,000	🗄️ Quantity: 1 LS
🕒 Useful Life: 10 years	🗓️ Next replacement in: 0 year
↻ Replacement timeline: 1. 2026 2. 2036 3. 2046 4. 2056	

Common House

A/C Split System, Replace

\$ Cost: \$3,500	🗄️ Quantity: 1 EA
🕒 Useful Life: 20 years	🗓️ Next replacement in: 8 year
↻ Replacement timeline: 1. 2034 2. 2054	

Common House

Deck, Composite, Replace

\$ Cost: \$11,500	🗄️ Quantity: 460 SF
🕒 Useful Life: 30 years	🗓️ Next replacement in: 18 year
↻ Replacement timeline: 1. 2044	

Common House

Electrical Service, Inspect & Repair Allowance

\$ Cost: \$12,000	🗄️ Quantity: 1 LS
🕒 Useful Life: 50 years	🗓️ Next replacement in: 0 year
↻ Replacement timeline: 1. 2026	



General Site

Paving, Asphalt, Repair & Overlay



Cost: \$42,600



Quantity: 10650 SF



Useful Life: 40 years



Next replacement in: 10 year



Replacement timeline:

1. 2036

Repair of existing asphalt surfaces, including patching cracks, filling potholes, and addressing areas of wear. Following repairs, a new layer of asphalt (overlay) is applied over the existing surface to restore smoothness and structural integrity. This process enhances the surface's durability, providing better resistance to traffic, moisture, and weather conditions.

Maintenance

- Inspect annually for new cracks, potholes, or areas of surface wear, especially after heavy traffic or extreme weather conditions.
- Clean the asphalt surface regularly to remove debris, dirt, and leaves that can trap moisture and contribute to further deterioration.
- Reapply overlays as needed to maintain the structural integrity and appearance of the surface, especially when significant surface wear occurs.



General Site

Paving, Asphalt, Repair & Seal Coat



Cost: \$6,390



Quantity: 10650 SF



Useful Life: 5 years



Next replacement in: 0 year



Replacement timeline:

1. 2026

2. 2031

3. 2036

4. 2041

5. 2046

6. 2051

7. 2056

Repair of existing asphalt surfaces, including patching cracks, filling potholes, and addressing surface wear. After repairs, a seal coat is applied to the entire surface to protect against water infiltration, UV damage, and wear from traffic. Seal coating improves the appearance and longevity of the asphalt by providing a durable, smooth, and weather-resistant finish.

Maintenance

- Inspect annually for new cracks, potholes, or surface damage, particularly after harsh weather conditions.
- Clean the asphalt surface regularly to remove debris, dirt, and leaves that can trap moisture and accelerate deterioration.
- Reseal the surface as needed based on wear and environmental exposure, and address any cracks or damage promptly to prevent further degradation.



General Site

Curb, Concrete, 2% Repair



Cost: \$456



Quantity: 570 LF



Useful Life: 10 years



Next replacement in: 3 year



Replacement timeline:

1. 2029

2. 2039

3. 2049

Repair of a limited portion of the concrete curb, addressing localized damage such as cracks, chips, or surface degradation. This process involves cleaning and preparing the affected areas, followed by the application of a suitable concrete repair material to restore the curb's integrity and functionality.

Maintenance

- Inspect periodically for new cracks, wear, or surface damage, especially after heavy traffic or severe weather events.
- Clean the curb surface regularly to prevent the accumulation of dirt, debris, or moisture that can exacerbate damage.
- Reapply repair materials as needed to maintain structural integrity and prevent further degradation.



General Site

Concrete, Flatwork, Limited Replace



Cost: \$6,350



Quantity: 6350 SF



Useful Life: 10 years



Next replacement in: 5 year



Replacement timeline:

1. 2031

2. 2041

3. 2051

Removal and replacement of a limited section of the existing flatwork concrete, such as driveways, walkways, or patios, addressing areas with significant damage such as cracking, spalling, or settling. The replacement ensures a smooth, durable surface that is properly leveled and aligned for long-lasting performance.

Maintenance

- Inspect periodically for cracks, settling, or surface damage, particularly after heavy traffic or extreme weather conditions.
- Clean the concrete regularly to remove debris, dirt, and stains that may accumulate over time.
- Ensure proper drainage around the concrete surface to prevent water buildup, which can lead to further damage or erosion.



General Site

Fence, 4' Wood Picket, Replace (Fifth St)



Cost: \$8,200



Quantity: 164 LF



Useful Life: 20 years



Next replacement in: 12 year



Replacement timeline:

1. 2038

Removal of the existing 4-foot wood privacy fence and installation of a new 4-foot wood privacy fence, typically using pressure-treated lumber, cedar, or redwood. The new fence is installed with securely fastened posts and rails.

Maintenance

- Inspect periodically for signs of wear, such as cracking, warping, or loose boards.
- Clean the fence regularly to remove dirt, mildew, and organic growth that can degrade the wood.
- Repaint or re-stain as needed to maintain the fence's protective coating and appearance, particularly in high-exposure areas.



General Site

Fence, 4' Wood Picket, Replace (East Property Line)



Cost: \$11,500



Quantity: 230 LF



Useful Life: 20 years



Next replacement in: 0 year



Replacement timeline:

1. 2026

2. 2046

Removal of the existing 4-foot wood privacy fence and installation of a new 4-foot wood privacy fence, typically using pressure-treated lumber, cedar, or redwood. The new fence is installed with securely fastened posts and rails.

Maintenance

- Inspect periodically for signs of wear, such as cracking, warping, or loose boards.
- Clean the fence regularly to remove dirt, mildew, and organic growth that can degrade the wood.
- Repaint or re-stain as needed to maintain the fence's protective coating and appearance, particularly in high-exposure areas.



General Site

Fence, Wood-Framed Wire, Replace (Fifth Street)



Cost: \$10,725



Quantity: 165 LF



Useful Life: 20 years



Next replacement in: 17 year



Replacement timeline:

1.2043

Installation or replacement of a fence composed of wood posts and framing with wire mesh or welded wire panels. This type of fence is commonly used for containment, visibility, or boundary delineation while incorporating a wood structural framework.

Maintenance

- Inspect periodically for wood deterioration, loose framing, or damaged wire mesh.
- Tighten or replace fasteners and hardware to maintain structural stability.
- Treat or seal wood components as needed to protect against moisture and UV exposure.



General Site

Trash & Propane Enclosures



Cost: \$4,000



Quantity: 1 LS



Useful Life: 20 years



Next replacement in: 19 year



Replacement timeline:

1.2045



General Site

Mailboxes, Multi-Unit, Replace



Cost: \$2,950



Quantity: 1 EA



Useful Life: 25 years



Next replacement in: 16 year



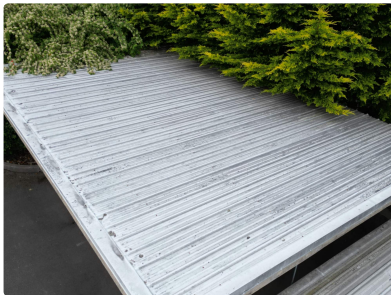
Replacement timeline:

1. 2042

Removal of the existing multi-unit mailbox system and installation of a new multi-unit mailbox structure, designed to accommodate multiple households or tenants. The system is installed with securely fastened posts and units.

Maintenance

- Inspect periodically for signs of wear, such as rust, dents, or damaged doors, particularly after exposure to severe weather.
- Ensure that all locks and hinges function properly and replace any faulty components promptly.
- Check the stability of the mailbox structure to ensure it remains securely anchored.



General Site

Carports, Roof, Metal, Replace



Cost: \$27,000



Quantity: 30 SQ



Useful Life: 50 years

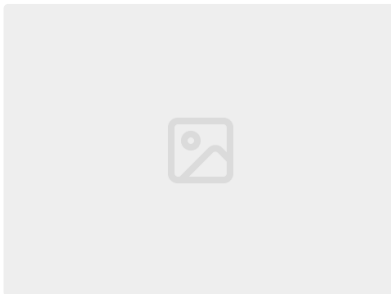


Next replacement in: 20 year



Replacement timeline:

1. 2046



General Site

Storage Shed



Cost: \$3,000



Quantity: 2 EA



Useful Life: 30 years



Next replacement in: 0 year



Replacement timeline:

1. 2026

2. 2056



Disclosure

This section outlines important information regarding the scope, methodology, and limitations of this reserve study. The disclosures contained herein are designed to provide transparency about the assumptions, professional judgments, and potential limitations that inform our analysis and recommendations.



Disclosure

General

As a guideline for establishing and spending reserves, it is assumed that the reserve study will be regularly updated to address the Association's changing physical and financial circumstances. As such this report is valid at the date shown and Reserve Study Group cannot be held responsible for subsequent changes in physical/chemical environmental conditions and/or legislation over which we have no control.

This reserve study is based on visual inspections of the physical plant's major components. No invasive or destructive testing, or testing of materials was conducted during the inspections, or at any other time during the preparation of this report. It is assumed that all building and ancillary components have been designed and constructed properly and that life cycles will approximate normal industry performance standards. Reserve Study Group shall not be responsible for accurate determination of remaining life expediencies of components that may have been improperly designed and constructed. Our opinions of the remaining life expectancy of the property's components do not represent a guarantee or warranty of performance in relation to the product, materials or workmanship.

Cost estimates used represent a preliminary opinion only and are neither a quote nor a warranty of actual costs that may be incurred. These estimates are based on typical cost data that may not fully characterize the scope of the underlying property conditions. It should be anticipated that actual cost outcomes will be impacted by varying physical and economic conditions, maintenance practices, changes in technology, and future regulatory actions.

The authors of this report make no representation or warranty, expressed or implied, with respect to the contents of this publication or any part thereof and cannot accept any legal responsibility or liability for any inaccuracies, errors or omissions contained in this publication or any part thereof. Our best professional judgment has been used, however certain facts forming the basis of this report are subject to professional interpretation and differing conclusions could be reached.

The accuracy of the reserve study is also dependent on the accuracy and completeness of the information provided to the Reserve Specialist. The Reserve Specialist shall not be liable for inaccuracies in the reserve study attributable to incomplete or incorrect information provided to its representatives. Material issues which, if not disclosed, would cause a distortion of the association's situation.



This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement. All our reserve studies are prepared by or under the direct supervision of a Reserve Professional.

Reserve Study Group has been engaged to conduct a reserve study which includes both physical analysis and financial analysis of the common area components and reserves. Reserve Study Group shall incur no civil liability for any claims, losses, damages, or expenses related to the performance of the physical or financial portions of the reserve study. In any situation or matter related to this Reserve Study, the liability of Reserve Study Group is limited to the fees charged for the services provided.

All reserve study updates are based, in part, on information obtained from the most recent reserve study conducted prior to this assessment. The accuracy and completeness of the current reserve study are significantly influenced by the accuracy and thoroughness of the last reserve study. For update with site visit and update with no site visit levels of service the client is considered to have deemed previously developed component lists and quantities as accurate and reliable.



Term Definition

The Terms Definition section provides essential transparency and clarity for understanding the Reserve Study. It outlines the assumptions, methodologies, and limitations under which the study was conducted, including the reliance on visual inspections and typical cost data, without invasive testing or guarantees for future performance.



Term Definition

Adequate Reserves

A replacement reserve fund and stable and equitable multiyear funding plan that together provide for the reliable and timely execution of the association's major repair and replacement projects as defined herein without reliance on additional supplemental funding.

Capital Improvements

Additions to the association's common area that previously did not exist. While these components should be added to the reserve study for future replacement, the cost of construction or installation cannot be taken from the reserve fund.

Cash Flow Method (ALSO KNOWN AS POOLING)

A method of developing a reserve funding plan where funding of reserves is designed to offset the annual expenditures from the reserve fund. To determine the selected funding plan, different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Common Area

The areas identified in the community association's master deed or declarations of covenant easements and restrictions that the association is obligated to maintain and replace or based on a well-established association precedent.

Community Association

A nonprofit entity that exists to preserve the nature of the community and protect the value of the property owned by members. Membership in the community association is mandatory and automatic for all owners. All owners pay mandatory lien-based assessments that fund the operation of the association and maintain the common area or elements, as defined in the governing documents. The community association is served and lead by an elected board of trustees or directors.



Components

The individually listed projects within the physical analysis which are determined for inclusion using the process described within the component inventory. These components form the building blocks for the reserve study. Components are selected to be included in the reserve study based on the following three-part test:

- 1 Inclusion of long-life components with funding in the study.
- 2 Addition of long-life components with funding at the time when they fall within the 30-year period from the date of study preparation.
- 3 Identification of long-life components in the component inventory even when they are not yet being funded in the 30-year funding plan.

Component Method (ALSO KNOWN AS STRAIGHT LINE)

The Component Method calculates reserve requirements on an individual component basis. Existing reserve funds are allocated to individual components based on their Fully Funded Balance. Each component's annual contribution is determined by taking its unfunded balance (current replacement cost minus allocated reserves) and dividing by its remaining useful life. These calculations are then summed to yield the total recommended reserve funding rate. This method is based on current costs and conditions without incorporating investment returns, or excess cash flow considerations.

Condition Assessment

The task of evaluating the current condition of the component based on observed or reported characteristics. The assessment is limited to a visual, non-invasive evaluation.

Effective Age

The difference between useful life and estimated remaining useful life. Not always equivalent to chronological age since some components age irregularly. Used primarily in computations.



Financial Analysis

The portion of a reserve study in which the current status of the reserves (measured as cash or percent funded) and a recommended reserve funding plan are derived, and the projected reserve income and expense over a period of time are presented. The financial analysis is one of the two parts of a reserve study. A minimum of 30 years of income and expense are to be considered.

Fully Funded

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

Fully Funded Balance (FFB)

An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life “used up” of the current repair or replacement cost. This number is calculated for each component, and then summed for an association total.
$$\text{FFB} = \text{Current Cost} \times \frac{\text{Effective Age}}{\text{Useful Life}}$$

- Example: For a component with a \$10,000 current replacement cost, a 10-year useful life, and effective age of 4 years, the fully funded balance would be \$4,000.

Fund Status

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

Funding Goals

The three funding goals listed below range from the most aggressive to most conservative:

Baseline Funding

Establishing a reserve funding goal of allowing the reserve cash balance to approach but never fall below zero during the cash flow projection. This is the funding goal with the greatest risk of being prepared to fund future repair and replacement of major components, and it is not recommended as a long-term solution/plan. Baseline funding may lead to project delays, the need for a special assessment, and/or a line of credit for the community to fund needed repairs and replacement of major components.



Threshold Funding

Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold selected, this funding goal may be weaker or stronger than “fully funded” with respective higher risk or less risk of cash problems. In determining the threshold, many variables should be considered, including things such as investment risk tolerance, community age, building type, components that are not readily inspected, and components with a remaining useful life of more than 30 years.

Full Funding

Setting a reserve funding goal to attain and maintain reserves at or near 100 percent funded. Fully funded is when the actual or projected reserve balance is equal to the fully funded balance. It should be noted that, in certain jurisdictions, there may be statutory funding requirements that would dictate the funding requirements. In all cases, these standards are considered the minimum to be referenced.

Funding Plan

An association's plan to provide income to a reserve fund to offset anticipated expenditures from that fund. The plan must be a minimum of 30 years of projected income and expenses.

Funding Principles

A funding plan addressing these principles. These funding principles are the basis for the recommendations included within the reserve study:

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

Initial Year

The first fiscal year in the financial analysis or funding plan.

Life Estimates

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



Life Cycle Cost

The ongoing cost of deterioration which must be offset in order to maintain and replace common area components at the end of their useful life. Note that the cost of preventive maintenance and corrective maintenance determined through periodic structural inspections (if required) are included in the calculation of life cycle costs and often result in overall net lower life cycle costs.

Maintenance

Maintenance is the process of maintaining or preserving something, or the state of being maintained. Maintenance is often defined in three ways: preventive maintenance, corrective maintenance, and deferred maintenance. Maintenance projects commonly fall short of “replacement” but may pass the defining test of a reserve component and be appropriate for reserve funding.

Preventive Maintenance

Planned maintenance carried out proactively at predetermined intervals, aimed at reducing the performance degradation of the component such that it can attain, at minimum, its estimated useful life.

Deferred Maintenance

Maintenance which is not performed and leads to premature deterioration to the common areas due to lack of preventive maintenance.

This results in a reduction in the remaining useful life of the reserve components and the potential of inadequate funding. Typically, deferred maintenance creates a need for corrective maintenance.

Corrective Maintenance

Maintenance performed following the detection of a problem, with the goal of remediating the condition such that the intended function and life of the component or system is restored, preserved, or enhanced.

Many corrective maintenance projects could be prevented with a proactive, preventive maintenance program. Note that when the scope is minor, these projects may fall below the threshold of cost significance and thus are handled through the operational budget. In other cases, the cost and timing should be included within the reserve study.



Percent Funded

The ratio, at a particular point in time clearly identified as either the beginning or end of the association's fiscal year, of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage.

While percent funded is an indicator of an association's reserve fund size, it should be viewed in the context of how it is changing due to the association's reserve funding plan, in light of the association's risk tolerance and is not by itself a measure of "adequacy."

Periodic Structural Inspection.

Structural system inspections aimed at identifying issues when they become evident.

Additional information and recommendations are included within the Condominium Safety Public Policy Report. www.condosafety.com

Physical Evaluation

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 stud

Preventive Maintenance Schedule

A summary of the preventive maintenance tasks included within a maintenance manual which should be performed such that the useful lives of the components are attained or exceeded. This schedule should include both the timing and the estimated cost of the task(s).

Remaining Useful Life (RUL)

Also referred to as "remaining life" (RL). The estimated time, in years, that a component can be expected to serve its intended function, presuming timely preventive maintenance. Projects expected to occur in the initial year have zero remaining useful life.

Replacement Cost

The cost to replace, repair, or restore the component to its original functional condition during that particular year, including all related expenses (including but not limited to shipping, engineering, design, permits, installation, disposal, etc.).



Reserve Balance

Actual or projected funds, clearly identified as existing either at the beginning or end of the association's fiscal year, which will be used to fund reserve component expenditures. The source of this information should be disclosed within the reserve study.

Also known as beginning balance, reserves, reserve accounts, or cash reserves. This balance is based on information provided and not audited.

Reserve Study

A reserve study is a budget planning tool which identifies the components that a community association is responsible to maintain or replace, the current status of the reserve fund, and a stable and equitable funding plan to offset the anticipated future major common area expenditures.

This limited evaluation is conducted for budget and cash flow purposes. Tasks outside the scope of a reserve study include, but are not limited to, design review, construction evaluation, intrusive or destructive testing, preventive maintenance plans, and structural or safety evaluations.

Reserve Study Provider

An individual who prepares reserve studies. In many instances, the reserve study provider will possess a specialized designation such as the Reserve Specialist. (RS) designation administered by Community Associations Institute (CAI). This designation indicates that the provider has shown the necessary skills to perform a reserve study that conforms to these standards. In some instances, qualifications in excess of the RS designation will be required if supplemental subject matter expertise is required.

Reserve Study Provider Firm

A company that prepares reserve studies as one of its primary business activities.

Site Visit

A visual assessment of the accessible areas of the components included within the reserve study.

The site visit includes tasks such as, but not limited to, on-site visual observations, a review of the association's design and governing documents, review of association precedents, and discussion with appropriate representative(s) of the association.

Special Assessment

A temporary assessment levied on the members of an association in addition to regular assessments. Note that special assessments are often regulated by governing documents or local statutes.

Special assessments, when used to make up for unplanned reserve fund shortfalls, may be an indicator of deferred maintenance, improper reserve project planning, and unforeseen catastrophes and accidents, as well as other surprises.

Structural System

The structural components within a building that, by contiguous interconnection, form a path by which external and internal forces, applied to the building, are delivered to the ground. This is generally a combination of structural beams, columns, and bracing and is not included within the reserve study, although it is reviewed as part of the recommended periodic structural inspections.

It is important to recognize that individual structural components which are not a part of the structural system, such as decks, balconies, and podium deck components may be included for reserve funding if they otherwise satisfy the three-part test.

Responsible Charge

A Reserve Specialist (RS) in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services that directly and materially affect the quality and competence of services rendered by the Reserve Specialist. A Reserve Specialist shall maintain such records as are reasonably necessary to establish that the Reserve Specialist exercised regular and effective supervision of a reserve study of which he or she was in responsible charge. A Reserve Specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

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



Useful Life (UL)

The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed presuming proactive, planned, preventive maintenance.

Best practice is that a component's Useful Life should reflect the actual preventive maintenance being performed (or not performed).

Valuation Estimates

The task of estimating the current repair or replacement costs for the reserve components.

*Terms and definitions from the 2023 Community Association Institutes Reserve Study Standards.



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Thank You