SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION NO. 1

MAINTENANCE PLAN UPDATE

LEVEL III: UPDATE WITH NO VISUAL SITE INSPECTION

BUDGET YEAR

January 1, 2024 to December 31, 2024

SCHWINDT & CO.
RESERVE STUDY SERVICES
https://www.schwindtco.com/
(503) 227-1165

SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION NO. 1

Executive Summary

Year of Report:

January 1, 2024 to December 31, 2024

Number of Units:

54 Units

Parameters:

Beginning Balance: $328,027

Year 2024 Suggested Contribution: $96,720

Year 2024 Projected Interest Earned: $2,335

Inflation: 4.00%

Annual Increase to Suggested Contribution: 4.00%

Lowest Cash Balance Over 30 Years (Threshold): $104,262

Average Reserve Assessment per Unit: $149.26

Prior Year Contribution: $93,000

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TABLE OF CONTENTS

Summerfield Townhouse Service Association No. 1

Summerfield Townhouse Service Association No. 1
Maintenance Plan
Reserve Study Update – Offsite
Disclosure Information
2024

We have conducted an offsite reserve study update and maintenance plan update for Summerfield Townhouse Service Association No. 1 for the year beginning January 1, 2024, in accordance with guidelines established by the Community Associations Institute and the American Institute of Certified Public Accountants.

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

In addition to providing the reserve study, and maintenance plan, we also provide tax and review/audit services to the Association through an affiliate company.

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

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

Assumptions used for inflation, interest, and other factors are detailed on page 17. Income tax factors were not considered due to the uncertainty of factors affecting net taxable income and the election of tax forms to be filed.

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

All information regarding the useful life and cost of reserve components was derived from the Association, local vendors, and/or from various construction pricing and scheduling manuals.

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

Increases in Roofing and Painting Costs

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

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

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These increases are being built into cost estimates and required contributions. Associations have seen an increase in the suggested reserve contributions beginning with the 2018/2019 budget years and depending on the year the roofing and painting projects occur, the increases may be substantial. As of 2020, we are seeing the prices remain at the elevated rate.

In December 2022, the average annual inflation rate increased to 6.45%. Experts are not sure if this increase is temporary due to supply chain issues or if this will be a long-term increase. At this time, Schwindt and Company is recommending an inflation rate of 4% in reserve studies. We will continue to monitor the inflation rate throughout this period. More information can be found at https://inflationdata.com/Inflation/Inflation_Rate/HistoricalInflation.aspx.

Currently, the price of oil has fluctuated greatly, and there are ongoing issues with the supply chain. As of now, it is unknown when these factors will be resolved, making it difficult to predict prices. We recommend the Association begin the replacement process several years out, including inspection, creation of a scope of work, and a competitive bidding process. For large projects, associations may choose to sign contracts a year before the work is to occur so that they can get scheduled during the spring and summer.

Per Section 5.1(m) and (n) of the Association's amended and restated Bylaws, the plumbing study and electrical study has been removed from the reserve study. Per e-mail from the board of directors on September 23, 2019, each unit has its own electrical and plumbing connections.

Article V, Section 5.1 of the Association's Amended and Restated Bylaws states, the Association is responsible for the following upon each Residential Unit, which constitute common expenses of the Association:

- **a. Paint, repair, and replace and maintain the roofs of both home and garage, roof flashings, vents, gutters, downspouts, exterior building surfaces including siding.**
- **b. Paint and repair signage of street address on garage.**
- **c. Replacement of light bulbs and glass/plastic panels for street post lamps (not street lights maintained by the city); installation of photo sensors controlling the light over mail slots. Installation of the photo sensors must be done by a licensed electrical contractor.**
- **d. Perform exterior repairs, maintenance and improvements as the Board of Directors determines from time to time to be necessary or appropriate. The Board shall be at all times authorized and empowered on behalf of the Association to contract for the performance of exterior maintenance in accordance with the Bylaws of the Association.**
- **e. Maintain landscaping and plantings on the Properties within backyards, areas in front of courtyards upon all lots, areas between adjacent lots, and areas adjacent to end units.**

Article V, Section 5.2 of the Association's Amended and Restated Bylaws states, owners are responsible for all maintenance, repair and replacement of Owner's residential unit and to owner's lot for which the Association is not responsible under Section 5.1, including without limitation:

- **a. The washing, maintenance and replacement of glass surfaces;**
- **b. Maintenance, replacement and painting of front lamp posts;**
- **c. Maintenance, repair and replacement of garage door. The cost of painting of the garage doors is borne by the Unit owner unless garage painting is required at the time of regular painting. (Paint is furnished by the Association.)**
- **d. Repair, maintenance and replacement of all concrete on owners lot, including curbs, sidewalks, planting strips, and driveways as required by City of Tigard.**
- **e. Golfing screens, fences, brick, wood, wrought iron, composite and attached gates. Chain link or wire fencing is not permitted.**

f. **All owner-installed components, including but not limited to solar tubes, skylights, attic fans, windows, doors, and antennas, as well as any resulting damage from such installation, performance, or any failure to maintain such owner-installed components.**

g. **Maintenance of decks and patios to include repair, replace and paint, except the Association shall be responsible for painting the stairway railings during the normal course of exterior building painting.**

h. **Maintenance of awnings to include repair and replacement.**

i. **Insect and pest control – interior and exterior.**

j. **Fireplace and chimney cleaning. Repair and maintenance of heating and air conditioning units.**

k. **Maintenance of smoke alarms and carbon monoxide alarms inside homes.**

l. **Maintenance of dryer vents.**

m. **Maintenance, repair or replacement of all underground utilities servicing the unit which fall between the street and the unit. This includes, but is not limited to, the electrical, gas, water, telephone, TV cable, electrical conductors to the street lamp, and storm and sanitary sewer lines.**

n. **Maintenance, repair or replacement of all wiring and plumbing inside home and garage, along with wiring and plumbing inside walls.**

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

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

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

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

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

Certain costs outlined in the reserve study are subjective and, as a result, are for planning purposes only. The Association should obtain firm bids at the time of work. Actual costs will depend upon the scope of work as defined at the time the repair, replacement, or restoration is performed. All estimates relating to future work are good faith estimates and

projections are based on the estimated inflation rate, which may or may not prove accurate. All future costs and life expectancies should be reviewed and adjusted annually.

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

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

Physical Analysis:

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

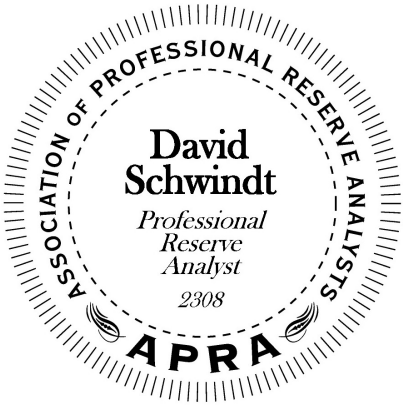
Full onsite reserve studies generally include field measurements and do not include destructive testing. Drawings are usually not available for existing projects.

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

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

The client is considered to have deemed previously developed component quantities as accurate and reliable. The current work is reliant on the validity of prior reserve studies.

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.



SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION NO. 1

MAINTENANCE PLAN UPDATE

BUDGET YEAR

January 1, 2024 to December 31, 2024

Summerfield Townhouse Service Association No. 1
Executive Summary of Maintenance Plan

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

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

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

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

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

Summerfield Townhouse Service Association No. 1
Maintenance Plan
2024

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

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

Property Inspection

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

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

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

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

Frequency: Annually

Building Envelope Inspection

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

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

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

A complete envelope inspection will usually be required only one time although a visual review of the building exterior may be advisable on a periodic basis under certain circumstances. The Association should consult with the inspector(s) who performed the original assessment to determine the best course of action for their individual situation.

This expense should be included in the annual operating budget for the Association for the year in which it is scheduled. We suggest that the Association obtain firm bids for this service.

Frequency: Every 5 years

Roof Inspection

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

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

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

Recommended maintenance should be performed promptly by a licensed roofing contractor.

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

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

Frequency: Annually

Gutters & Downspouts

Schwindt and Company recommends that all gutters and downspouts be cleaned, visually inspected, and repaired as required every 6 months in the spring and fall.

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

The gutters have gutter guards, and the Association is cleaning the gutters annually.

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

Frequency: Annually

Exterior Walls

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

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

Dryer vents should be checked **twice a year** and cleared of lint. Also check operation of exhaust baffles

to make sure they are present and that they move freely. Exhaust ducts should be cleared of debris **every 3 years**.

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

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

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

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

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

Inspections should be made by a qualified professional.

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

Frequency: Annually

Lawn Irrigation System

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

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

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

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

Frequency: Annually

Exterior Siding Maintenance – Painting

Maintenance of the exterior siding includes regularly scheduled cleaning and inspection of the surface

areas for cracks, peeling paint or other sealants, deterioration of the base material, and failure of caulking or other sealant materials that serve a waterproofing function.

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

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

Frequency: Every 6 years

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

SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION NO. 1

LEVEL III: UPDATE WITH NO VISUAL SITE INSPECTION

BUDGET YEAR

January 1, 2024 to December 31, 2024

Summerfield Townhouse Service Association No. 1
Category Detail Index

Total Funded Assets	14
Total Unfunded Assets	2
Total Assets	16

Summerfield Townhouse Service Association No. 1
Property Description

Summerfield Townhouse Service Association No. 1 consists of 10 buildings with 54 units located in Tigard, Oregon. The buildings are one and two-stories and consists of composition and membrane roofs, vinyl and Hardi-plank siding. This property was constructed in 1974. The Association shall provide exterior improvements upon each unit, such as paint, maintenance, repair and replacement of roofs, gutters, downspouts, siding, and irrigation system. The individual homeowners are responsible for all maintenance and repairs of the interior of their home.

Per Section 5.1(m) and (n) of the Association's amended and restated Bylaws, the plumbing study and electrical study has been removed from the reserve study. Per e-mail from the board of directors on September 23, 2019, each unit has its own electrical and plumbing connections.

This study uses information supplied by vendors and various construction pricing and scheduling manuals to determine useful lives and replacement costs.

A site visit was performed by Schwindt and Company in 2015. Schwindt and Company did not investigate components for defects, materials, design or workmanship. This would ordinarily be considered in a complete building envelope inspection. Our condition assessment considers if the component is wearing as intended. All components are considered to be in fair condition and appear to be wearing as intended unless noted otherwise in the component detail.

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

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

Summerfield Townhouse Service Association No. 1
Tigard, Oregon
Cash Flow Method - Threshold Funding Model Summary

Report Date	June 6, 2023
Budget Year Beginning	January 1, 2024
Budget Year Ending	December 31, 2024
Total Units	54

Report Parameters

Inflation	4.00%
Annual Assessment Increase	4.00%
Interest Rate on Reserve Deposit	2.00%
2024 Beginning Balance	$328,027

Threshold Funding
Fully Reserved Model Summary

- This study utilizes the cash flow method and the threshold funding model, which establishes a reserve funding goal that keeps the reserve balance above a specified dollar or percent funded amount. The threshold method assumes that the threshold method is funded with a positive threshold balance, therefore, "fully reserved".
- The following items were not included in the analysis because they have useful lives greater than 30 years: grading/drainage; foundation/footings; storm drains; telephone, cable, and internet lines.
- This funding scenario begins with a contribution of **$96,720** in **2024** and increases **4.00% each year** for the remaining years of the study. A minimum balance of **$104,262** is maintained.
- The purpose of this study is to ensure that adequate replacement funds are available when components reach the end of their useful life. Components will be replaced as required, not necessarily in their expected replacement year. This analysis should be updated annually.

Cash Flow Method - Threshold Funding Model Summary of Calculations

Required Monthly Contribution	$8,060.00
$149.26 per unit monthly	
Average Net Monthly Interest Earned	$194.55
Total Monthly Allocation to Reserves	$8,254.55
$152.86 per unit monthly	

Summerfield Townhouse Service Association No. 1
Cash Flow Method - Threshold Funding Model Projection

Beginning Balance: $328,027

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2024	96,720	2,335	264,596	162,485	806,437	20%
2025	100,589	1,147	159,959	104,262	750,674	14%
2026	104,612	3,245		212,119	862,171	25%
2027	108,797	5,467		326,384	981,387	33%
2028	113,149	7,821		447,354	1,108,761	40%
2029	117,675	9,978	16,552	558,454	1,227,540	45%
2030	122,382	981	575,946	105,871	783,073	14%
2031	127,277	3,524		236,672	924,027	26%
2032	132,368	4,572	81,654	291,958	990,084	29%
2033	137,663	6,995	19,718	416,898	1,127,758	37%
2034	143,169	9,518	22,645	546,941	1,272,638	43%
2035	148,896	12,663		708,499	1,451,796	49%
2036	154,852	15,988		879,340	1,643,251	54%
2037	161,046	19,504		1,059,890	1,847,699	57%
2038	167,488	23,219		1,250,596	2,065,874	61%
2039	174,187	26,647	24,502	1,426,929	2,273,065	63%
2040	181,155	23,252	372,775	1,258,560	2,132,340	59%
2041	188,401	27,457		1,474,418	2,379,915	62%
2042	195,937	31,896		1,702,250	2,643,883	64%
2043	203,774	36,580		1,942,605	2,925,161	66%
2044	211,925	16,268	1,251,059	919,739	1,922,421	48%
2045	220,402	20,967		1,161,108	2,187,927	53%
2046	229,219	25,935		1,416,262	2,471,597	57%
2047	238,387	31,185		1,685,834	2,774,460	61%
2048	247,923	36,730		1,970,486	3,097,598	64%
2049	257,840	41,851	36,268	2,233,909	3,404,428	66%
2050	268,153	36,875	551,799	1,987,139	3,196,206	62%
2051	278,879	43,149		2,309,167	3,562,705	65%
2052	290,035	32,583	851,516	1,780,268	3,067,833	58%
2053	301,636	28,667	522,874	1,587,697	2,904,881	55%

Summerfield Townhouse Service Association No. 1
Component Summary By Category

Description	Date in Service	Next Occurrence	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
Roofing								
Composition Roofs - Replacement I	2022	2052	30	0	28	1 Total	224,298.00	224,298
Composition Roofs - Replacement II	2023	2053	30	0	29	1 Total	153,807.00	153,807
Composition Roofs - Replacement III	2000	2024	30	-6	0	1 Total	224,298.00	224,298
Composition Roofs - Replacement IV	2000	2025	30	-5	1	1 Total	153,807.00	153,807
Membrane Roofs - Replacement	2012	2032	20	0	8	3,946 SF	15.12	59,664
Roofing - Total								$815,874
Painting								
Hardi-Plank Siding - Painting	2015	2030	10	5	6	53,216 SF	3.74	199,028
Painting - Total								$199,028
Building Components								
Gutters and Downspouts - Partial Replaceme..	2001	2030	25	4	6	7,499 LF	13.60@ 25%	25,497
Hardi-Plank Siding - Partial Replacement	2015	2044	30	-1	20	78,508 SF	23.13@ 25%	453,973
Vinyl Siding - Replacement	1996	2030	30	4	6	25,291 SF	9.12	230,654
Wood Overhangs & Trim Above Decks- Par..	2019	2044	25	0	20	1 Total	101,696.55	101,697
Building Components - Total								$811,820
Grounds Components								
Irrigation System - Back Flow		*Unfunded*						
Irrigation System - Contingency Repairs		*Unfunded*						
Irrigation System - Controller	2008	2024	10	0	0	1 Each	1,693.20	1,693
Irrigation System - Valves	2013	2033	20	0	9	18 Each	769.63	13,853
Grounds Components - Total								$15,547
Insurance Deductible								
Insurance Deductible	2015	2024	1	0	0	1 Total	25,000.00	25,000
Insurance Deductible - Total								$25,000
Inspection								
Building Envelope Inspection	2024	2024	5	0	0	1 Total	13,604.89	13,605
Inspection - Total								$13,605
Total Asset Summary								$1,880,872

Summerfield Townhouse Service Association No. 1
Component Summary By Group

Description	Date in Service	Next Occurrence	Useful	Adjustment	Remaining	Units		Unit Cost		Current Cost
Building Envelope Inspection	2024	2024	5	0	0	1	Total	13,604.89		13,605
Composition Roofs - Replacement III	2000	2024	30	-6	0	1	Total	224,298.00		224,298
Insurance Deductible	2015	2024	1	0	0	1	Total	25,000.00		25,000
Irrigation System - Controller	2008	2024	10	0	0	1	Each	1,693.20		1,693
Composition Roofs - Replacement IV	2000	2025	30	-5	1	1	Total	153,807.00		153,807
Gutters and Downspouts - Partial Replaceme..	2001	2030	25	4	6	7,499	LF	13.60	@ 25%	25,497
Hardi-Plank Siding - Painting	2015	2030	10	5	6	53,216	SF	3.74		199,028
Vinyl Siding - Replacement	1996	2030	30	4	6	25,291	SF	9.12		230,654
Membrane Roofs - Replacement	2012	2032	20	0	8	3,946	SF	15.12		59,664
Irrigation System - Valves	2013	2033	20	0	9	18	Each	769.63		13,853
Hardi-Plank Siding - Partial Replacement	2015	2044	30	-1	20	78,508	SF	23.13	@ 25%	453,973
Wood Overhangs & Trim Above Decks- Par..	2019	2044	25	0	20	1	Total	101,696.55		101,697
Composition Roofs - Replacement I	2022	2052	30	0	28	1	Total	224,298.00		224,298
Composition Roofs - Replacement II	2023	2053	30	0	29	1	Total	153,807.00		153,807
Irrigation System - Back Flow		*Unfunded*								
Irrigation System - Contingency Repairs		*Unfunded*								
Total Asset Summary										$1,880,872

Summerfield Townhouse Service Association No. 1
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2024	
Building Envelope Inspection	13,605
Composition Roofs - Replacement III	224,298
Insurance Deductible	25,000
Irrigation System - Controller	1,693
Total for 2024	**$264,596**
Replacement Year 2025	
Composition Roofs - Replacement IV	159,959
Total for 2025	**$159,959**
No Replacement in 2026	
No Replacement in 2027	
No Replacement in 2028	
Replacement Year 2029	
Building Envelope Inspection	16,552
Total for 2029	**$16,552**
Replacement Year 2030	
Gutters and Downspouts - Partial Replacement	32,261
Hardi-Plank Siding - Painting	251,834
Vinyl Siding - Replacement	291,851
Total for 2030	**$575,946**
No Replacement in 2031	
Replacement Year 2032	
Membrane Roofs - Replacement	81,654
Total for 2032	**$81,654**
Replacement Year 2033	
Irrigation System - Valves	19,718
Total for 2033	**$19,718**

Summerfield Townhouse Service Association No. 1
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2034	
Building Envelope Inspection	20,139
Irrigation System - Controller	2,506
Total for 2034	**$22,645**
No Replacement in 2035	
No Replacement in 2036	
No Replacement in 2037	
No Replacement in 2038	
Replacement Year 2039	
Building Envelope Inspection	24,502
Total for 2039	**$24,502**
Replacement Year 2040	
Hardi-Plank Siding - Painting	372,775
Total for 2040	**$372,775**
No Replacement in 2041	
No Replacement in 2042	
No Replacement in 2043	
Replacement Year 2044	
Building Envelope Inspection	29,810
Hardi-Plank Siding - Partial Replacement	994,710
Irrigation System - Controller	3,710
Wood Overhangs & Trim Above Decks- Partial Replacement	222,830
Total for 2044	**$1,251,059**
No Replacement in 2045	
No Replacement in 2046	
No Replacement in 2047	
No Replacement in 2048	
Replacement Year 2049	
Building Envelope Inspection	36,268
Total for 2049	**$36,268**

Summerfield Townhouse Service Association No. 1
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2050	
Hardi-Plank Siding - Painting	551,799
Total for 2050	**$551,799**
No Replacement in 2051	
Replacement Year 2052	
Composition Roofs - Replacement I	672,603
Membrane Roofs - Replacement	178,913
Total for 2052	**$851,516**
Replacement Year 2053	
Composition Roofs - Replacement II	479,670
Irrigation System - Valves	43,204
Total for 2053	**$522,874**

Summerfield Townhouse Service Association No. 1
Detail Report by Category

Building Envelope Inspection

		1 Total	@ $13,604.89
Asset ID	1019	Asset Actual Cost	$13,604.89
	Non Capital	Percent Replacement	100%
Category	Inspection	Future Cost	$13,604.89
Placed in Service	January 2024		
Useful Life	5		
Replacement Year	2024		
Remaining Life	0		

This provision is for a building envelope inspection. Generally, the life of the building envelope is greater than 30-years. We recommend the Association perform an inspection to determine the current condition of the system. Once the condition is known the reserve study should be updated. Industry specialists recommend a building envelope inspection every 3-5 years.

Composition Roofs - Replacement I

		1 Total	@ $224,298.00
Asset ID	1007	Asset Actual Cost	$224,298.00
	Capital	Percent Replacement	100%
Category	Roofing	Future Cost	$672,603.16
Placed in Service	January 2022		
Useful Life	30		
Replacement Year	2052		
Remaining Life	28		

This provision provides funding to replace the composition roofs.

Schwindt & Company estimated 105,712 square feet of composition roofs.

In 2022 the following were done: 10100, 10110, 10120, 10130, 10140, 15700, 15710, 15720, 15730, 15740, 15750, 15760, 15770, 05780, 15790, and 15800. The cost was $189,634. (2 five unit and 1 six unit building). The shingles used are a 50 year shingle.

According to the Association, the composition roofs were replaced in the year 2000. The cost of this work was $241,565.50. The Association will need to obtain bids for this work.

The useful life assumption is based on estimates established on RS Means and/or The National Estimator.

Summerfield Townhouse Service Association No. 1
Detail Report by Category

Composition Roofs - Replacement II

		1 Total	@ $153,807.00
Asset ID	1020	Asset Actual Cost	$153,807.00
	Capital	Percent Replacement	100%
Category	Roofing	Future Cost	$479,670.42
Placed in Service	January 2023		
Useful Life	30		
Replacement Year	2053		
Remaining Life	29		

This provision provides funding to replace the composition roofs.

Schwindt & Company estimated 105,712 square feet of composition roofs.

In 2023, the following were done: 15805, 15810, 15820, 15830, 15840, 15850, 15860, 15870, 15880, 15890, 15900, and 15910. The cost was $153,807. (1 five unit and 1 6 unit building). The shingles used are a 50 year shingle.

According to the Association, the composition roofs were replaced in the year 2000. The cost of this work was $241,565.50. The Association will need to obtain bids for this work.

The useful life assumption is based on estimates established on RS Means and/or The National Estimator.

Composition Roofs - Replacement III

		1 Total	@ $224,298.00
Asset ID	1021	Asset Actual Cost	$224,298.00
	Capital	Percent Replacement	100%
Category	Roofing	Future Cost	$224,298.00
Placed in Service	January 2000		
Useful Life	30		
Adjustment	-6		
Replacement Year	2024		
Remaining Life	0		

This provision provides funding to replace the composition roofs. It is assumed that 2 five unit buildings and 1 six unit building will be done.

Schwindt & Company estimated 105,712 square feet of composition roofs.

According to the Association, the composition roofs were replaced in the year 2000. The cost of this work was $241,565.50. The Association will need to obtain bids for this work.

The useful life assumption is based on estimates established on RS Means and/or The National Estimator.

Summerfield Townhouse Service Association No. 1
Detail Report by Category

Composition Roofs - Replacement IV

		1 Total	@ $153,807.00
Asset ID	1022	Asset Actual Cost	$153,807.00
	Capital	Percent Replacement	100%
Category	Roofing	Future Cost	$159,959.28
Placed in Service	January 2000		
Useful Life	30		
Adjustment	-5		
Replacement Year	2025		
Remaining Life	1		

This provision provides funding to replace the composition roofs. It is assumed that 1 five unit and 1 six unit building will be done.

Schwindt & Company estimated 105,712 square feet of composition roofs.

According to the Association, the composition roofs were replaced in the year 2000. The cost of this work was $241,565.50. The Association will need to obtain bids for this work.

The useful life assumption is based on estimates established on RS Means and/or The National Estimator.

Gutters and Downspouts - Partial Replacement

		7,499 LF	@ $13.60
Asset ID	1006	Asset Actual Cost	$25,496.60
	Non Capital	Percent Replacement	25%
Category	Building Components	Future Cost	$32,261.33
Placed in Service	January 2001		
Useful Life	25		
Adjustment	4		
Replacement Year	2030		
Remaining Life	6		

This provision provides funding to partially replace the gutters and downspouts. A partial replacement is based on the expectation that most of the gutters and downspouts will be in good enough condition that a full replacement is not needed.

Schwindt & Company estimated 7,499 linear feet of gutters and downspouts.

The cost is based on a per lineal foot estimate provided by Great Northwest Gutters. The Association will need to obtain bids for this work.

The useful life assumption is based on estimates established on RS Means and/or The National Estimator.

Summerfield Townhouse Service Association No. 1
Detail Report by Category

Hardi-Plank Siding - Painting

		53,216 SF	@ $3.74
Asset ID	1003	Asset Actual Cost	$199,027.84
	Non Capital	Percent Replacement	100%
Category	Painting	Future Cost	$251,833.71
Placed in Service	January 2015		
Useful Life	10		
Adjustment	5		
Replacement Year	2030		
Remaining Life	6		

This provision provides funding to paint the Hardi-plank siding. This includes the trim.

During Schwindt & Company's 2015 site visit, the board advised that most of the siding has been replaced to Hardi-plank in 2013. Schwindt & Company estimated 53,216 square feet of Hardi-plank siding, and 25,292 square feet of vinyl siding. The total siding area is 78,508 square feet. The vinyl siding does not need to be painted. The Association will replace the vinyl siding to Hardi-plank when funds are available.

In 2023, the Association indicated the paint was in good shape and has delayed the painting until 2030 to occur at the same time as the vinyl siding replacement. We recommend the siding be inspected annually to ensure the paint and caulking is wearing as intended. The Association may consider doing some touch up painting.

The cost is based on a per square foot estimate from I and E Construction provided by the Association. The Association will need to obtain bids for this work.

The useful life assumption is based on estimates established on RS Means and/or The National Estimator.

Hardi-Plank Siding - Partial Replacement

		78,508 SF	@ $23.13
Asset ID	1002	Asset Actual Cost	$453,972.51
	Non Capital	Percent Replacement	25%
Category	Building Components	Future Cost	$994,709.67
Placed in Service	January 2015		
Useful Life	30		
Adjustment	-1		
Replacement Year	2044		
Remaining Life	20		

This provision provides funding to partially replace the Hardi-plank siding. A partial replacement is based on the expectation that most of the siding will be in good enough condition that a full replacement is not needed.

The Association advised that most of the siding has been replaced to Hardi-plank in 2015.

Summerfield Townhouse Service Association No. 1
Detail Report by Category

Hardi-Plank Siding - Partial Replacement continued...

Schwindt & Company estimated 53,216 square feet of Hardi-plank siding, and 25,292 square feet of vinyl siding. The total siding area is 78,508 square feet. This component assumes that all vinyl siding will be replaced to Hardi-plank as scheduled.

The cost is based on a per square foot estimate provided by Jay of Lifetime Exteriors. The Association will need to obtain bids for this work.

The useful life assumption is based on estimates established on RS Means and/or The National Estimator.

Insurance Deductible

		1 Total	@ $25,000.00
Asset ID	1012	Asset Actual Cost	$25,000.00
	Non Capital	Percent Replacement	100%
Category	Insurance Deductible	Future Cost	$25,000.00
Placed in Service	January 2015		
Useful Life	1		
Replacement Year	2024		
Remaining Life	0		

This provision is for the insurance deductible in the event of a claim.

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

The insurance deductible component is only included as an expenditure in the first year of the study. This expenditure is not listed again during the 30-year cash flow projection.
Boards have asked if the inclusion of an insurance deductible in the study as a component can increase the suggested annual reserve contribution. As long as the Association has a threshold amount of greater than $10,000 in the reserve study as a contingency in the first year of the study, the inclusion of the insurance deductible should not affect the suggested reserve contribution. In other words, if the cash flow projection shows an amount greater than $10,000 as a contingency balance in the reserve cash flow model without the insurance deductible, the inclusion of the insurance component should not affect the suggested reserve contribution.

Summerfield Townhouse Service Association No. 1
Detail Report by Category

Irrigation System - Back Flow

		1 Each	@ $769.63
Asset ID	1017	Asset Actual Cost	$769.63
	Capital	Percent Replacement	100%
Category	Grounds Components	Future Cost	$769.63
Placed in Service	January 2008		
Useful Life	10		
Replacement Year	2024		
Remaining Life	0		

This provision funds for the replacement of the back flow.

According to Ken Shaddy, the Association's landscaper, there is 1 back flow. The estimated cost to replace the back flow is $500. The cost includes labor and material.

The useful life assumption is based on estimates established on RS Means and/or The National Estimator.

The Association will need to come up with a plan for replacement of the irrigation system.

Irrigation System - Contingency Repairs

		1 Total	@ $23,909.23
Asset ID	1016	Asset Actual Cost	$23,909.23
	Non Capital	Percent Replacement	100%
Category	Grounds Components	Future Cost	$26,894.63
Placed in Service	January 2017		
Useful Life	10		
Replacement Year	2027		
Remaining Life	3		

This provision funds for the replacement of pipes and/or any issues that may come up unexpectedly.

According to the Association, an upgrade to the irrigation system was done in 2017 for $16,320 with funds from the operating budget. They will continue to use operating funds for irrigation repairs.

The Association will need to come up with a plan for replacement of the irrigation system.

Summerfield Townhouse Service Association No. 1
Detail Report by Category

Irrigation System - Controller

		1 Each	@ $1,693.20
Asset ID	1009	Asset Actual Cost	$1,693.20
	Capital	Percent Replacement	100%
Category	Grounds Components	Future Cost	$1,693.20
Placed in Service	January 2008		
Useful Life	10		
Replacement Year	2024		
Remaining Life	0		

This provision funds for the replacement of the controller.

According to Ken Shaddy, the Association's landscaper, there is 1 controller. The controller is 7 years old. The estimated cost to replace the controller is $1,100. The cost includes labor and material.

The useful life assumption is based on estimates established on RS Means and/or The National Estimator.

The Association will need to come up with a plan for replacement of the irrigation system.

Irrigation System - Valves

		18 Each	@ $769.63
Asset ID	1018	Asset Actual Cost	$13,853.34
	Capital	Percent Replacement	100%
Category	Grounds Components	Future Cost	$19,717.62
Placed in Service	January 2013		
Useful Life	20		
Replacement Year	2033		
Remaining Life	9		

This provision funds for the replacement of valves.

According to Ken Shaddy, the Association's landscaper, there are 18 valves. The estimated cost to replace the valves is $500 each. The cost includes labor and material. An estimated useful life of 20 years was provided.

According to the Association, many of the valves were replaced prior to 2013.

The Association will need to come up with a plan for replacement of the irrigation system.

Summerfield Townhouse Service Association No. 1
Detail Report by Category

Membrane Roofs - Replacement

		3,946 SF	@ $15.12
Asset ID	1008	Asset Actual Cost	$59,663.52
	Capital	Percent Replacement	100%
Category	Roofing	Future Cost	$81,653.65
Placed in Service	January 2012		
Useful Life	20		
Replacement Year	2032		
Remaining Life	8		

This provision provides funding to replace the membrane roofs.

Schwindt & Company estimated 3,946 square feet of membrane roofs.

According to the Association, the membrane roofs were replaced in 2012. The cost of this work was $36,000. The Association will need to obtain bids for this work.

The useful life assumption is based on estimates established on RS Means and/or The National Estimator.

Vinyl Siding - Replacement

		25,291 SF	@ $9.12
Asset ID	1001	Asset Actual Cost	$230,653.92
	Capital	Percent Replacement	100%
Category	Building Components	Future Cost	$291,850.79
Placed in Service	January 1996		
Useful Life	30		
Adjustment	4		
Replacement Year	2030		
Remaining Life	6		

This provision provides funding to replace the vinyl siding to Hardi-plank.

According to the Association, the vinyl siding was replaced in 1996. Most of the siding has been replaced to Hardi-plank in 2015. The remaining vinyl siding will be replaced to Hardi-plank. Schwindt & Company estimated 25,291 square feet of vinyl siding.

In 2015, Jay of Lifetime Exterior provided an estimated cost of $200,000 or $7.91 per square foot to replace the vinyl siding to Hardi-plank. The cost includes painting of the Hardi-plank siding and dry-rot replacements. Per the board's e-mail dated February 6, 2016, they would like to revise the cost to $7.50 per square foot. The board’s cost includes replacement of the vinyl siding of $6.00 per square foot and painting of the Hardi-plank siding of $1.13 per square foot. The Association will need to obtain bids for this work. An onsite reserve study update should be conducted before this replacement occurs.

Vinyl Siding - Replacement continued...

In 2023, I and E Construction provided an estimated cost of $230,485.

The useful life assumption is based on estimates established on RS Means and/or The National Estimator.

Wood Overhangs & Trim Above Decks- Partial Replacement

		1 Total	@ $101,696.55
Asset ID	1004	Asset Actual Cost	$101,696.55
	Non Capital	Percent Replacement	100%
Category	Building Components	Future Cost	$222,829.66
Placed in Service	January 2019		
Useful Life	25		
Replacement Year	2044		
Remaining Life	20		

This provision provides funding to partially replace the wood overhangs covering the decks and trim. A partial replacement is based on the expectation that most of the overhangs and trim will be in good enough condition that a full replacement is not needed.

Schwindt & Company estimated 5,055 square feet of wood overhangs

This work was done in 2019 for 74,750 per the Association. The Association will need to obtain bids for this work.

The useful life assumption is based on estimates established on RS Means and/or The National Estimator.

Additional Disclosures

Levels of Service

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

I. Full: A Reserve Study in which the following five Reserve Study tasks are performed:
- ■ Component Inventory
- ■ Condition Assessment (based upon on-site visual observations)
- ■ Life and Valuation Estimates
- ■ Fund Status
- ■ Funding Plan

II. Update, With Site Visit/On-Site Review: A Reserve Study update in which the following five Reserve Study tasks are performed:
- ■ Component Inventory (verification only, not quantification)
- ■ Condition Assessment (based on on-site visual observations)
- ■ Life and Valuation Estimates
- ■ Fund Status
- ■ Funding Plan

III. Update, No Site Visit/Off-Site Review: A Reserve Study update with no on-site visual observations in which the following three Reserve Study tasks are performed:
- ■ Life and Valuation Estimates
- ■ Fund Status
- ■ Funding Plan

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

Terms and Definitions

CAPITAL IMPROVEMENTS: Additions to the association's common elements that previously did not exist. While these components should be added to the reserve study for future replacement, the cost of construction should not be taken from the reserve fund.

CASH FLOW METHOD: A method of developing a reserve *Funding Plan* where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve *Funding Plans* are tested against the anticipated schedule of reserve expenses until the desired *Funding Goal* is achieved.

COMPONENT: The individual line items in the *Reserve Study* developed or updated in the *Physical Analysis*. These elements form the building blocks for the *Reserve Study*. *Components* typically are: 1) association

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

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

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

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

CURRENT REPLACEMENT COST: See *Replacement Cost*.

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

EFFECTIVE AGE: The difference between *Useful Life* and *Remaining Useful Life*. Not always equivalent to chronological age since some *Components* age irregularly. Used primarily in computations.

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

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

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

FFB = Current Cost X *Effective Age* / *Useful Life*

or

FFB = (Current Cost X *Effective Age* / *Useful Life*) + [(Current Cost X *Effective Age* / *Useful Life*) / (1 + Interest Rate) ^ Remaining Life] - [(Current Cost X *Effective Age* / *Useful Life*) / (1 + Inflation Rate) ^ Remaining Life]

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

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

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

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

FUNDING PRINCIPLES:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The opposite would be a *Deficit*.

USEFUL LIFE (UL): Total *Useful Life* or depreciable life. The estimated time, in years, that a R*eserve Component* can be expected to serve its intended function if properly constructed in its present application or installation.