

**SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION NO. 1**  
**MAINTENANCE PLAN**  
**LEVEL I: FULL RESERVE STUDY FUNDING ANALYSIS**  
**2016**



## SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION NO. 1

### **Executive Summary**

#### **Year of Report:**

January 1, 2016 to December 31, 2016

#### **Number of Units:**

54 Units

#### **Parameters:**

Beginning Balance: \$107,000

Year 2016 Suggested Contribution: \$45,000

Year 2016 Projected Interest Earned: \$121

Inflation: 2.50%

Annual Increase to Suggested Contribution: 8.50%

Lowest Cash Balance Over 30 Years (Threshold): \$83,276

Average Reserve Assessment per Unit: \$69.44

Prior Year Contribution: \$28,000

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**Summerfield Townhouse Service Association No. 1  
Maintenance Plan  
Reserve Study – Onsite  
Disclosure Information  
2016**

We have conducted an onsite reserve study and maintenance plan for Summerfield Townhouse Service Association No. 1 for the year beginning January 1, 2016, in accordance with guidelines established by Community Associations Institute and the American Institute of Certified Public Accountants.

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

We have no other involvement with the Association other than providing the reserve study and maintenance plan.

Schwindt & Company believes that every association should have a complete building envelope inspection within 12 months of completion of all construction and after 25 years of existence. 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.

Assumptions used for inflation, interest, and other factors are detailed on page 16. Income tax factors were not considered due to variables affecting net taxable income and the election of the tax form 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 vendors and/or from various construction pricing and scheduling manuals.

**Article V, Section 5.0 of the Association's Amended Bylaws states, "The service Association shall be responsible for exterior maintenance upon each residential unit which is subject to assessment hereunder, as follows: paint, repair, replacement and care of roofs, gutters, downspouts, exterior building and wall surfaces exposed to weather, maintain and husband landscaping and plantings located on the properties, replace front post light burnouts, bulbs and globes, and perform such other exterior repairs, maintenance and improvements as the Board of Directors of the Service Association, from time to time, resolves to be necessary or appropriate or consistent with the above, provided, however, the Association shall have no responsibility or obligation to maintain any driveways, walkways, gates, brick walls, landscaping and plantings within the patio areas, to plant or replant, trim, cut back, remove, replace, cultivate or maintain hedges, trees, shrubs, plants or lawns, in those areas designated by this Association, or the washing, maintenance, and replacement of glass surfaces, which shall at all times be the responsibility of each unit owner.**

**In 2015, the board provided that their governing document does not specify the maintenance responsibilities for the brick chimneys. They are in the process of reviewing and amending their Bylaws. They would like to unfund this component until the amended Bylaws are approved.**



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The Association was not able to locate the Declarations during the preparation of the 2016 reserve study. During the site visit, Schwindt & Co. was informed by the board of directors that the homeowners are responsible for maintenance, repair and/or replacements of the following components on their lots:

- Patios
- Windows and doors
- Light posts fixtures
- Brick walls and gates
- Sidewalks and driveways
- Golf ball screens
- Dividers
- Railings
- Fences
- Exterior lighting fixtures
- Brick/cement pavers
- Dryer vents
- Underground utilities
- Drains wiring

Per telephone conversation with the board on February 3, 2016, they would like to fund for the following expenses in the operating budget:

- Irrigation System – Valves
- Irrigation System – Controller
- Irrigation System - Back Flow

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.

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 are 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. This site visit does not evaluate the condition of the property to determine the useful life or needed repairs. Schwindt & Company suggests that the Association perform a building envelope inspection to determine the condition, performance, and the 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 or 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 & 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 and/or 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.

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 homeowners to pay on demand (as a special assessment) their share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.

**SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION NO. 1**  
**MAINTENANCE PLAN**  
**2016**

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

Regular maintenance of common elements is necessary to insure 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  
2016**

**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 & 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 & 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.

**Schwindt & Company recommends Pete Fowler Construction Services Inc. ([www.petefowler.com](http://www.petefowler.com)) to perform the building envelope inspection.**

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: Once

### **Roof Inspection**

Schwindt & 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 & 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, beginning in 2021

**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 I: FULL RESERVE STUDY FUNDING ANALYSIS**

**2016**

**Summerfield Townhouse Service Association No. 1**  
**Category Detail Index**

Asset ID	Description	Replacement	Page
<b>Roofing</b>			
1007	Composition Roofs - Replacement	2025	25 of 40
1008	Membrane Roofs - Replacement	2032	25 of 40
<b>Painting</b>			
1003	Hardi-Plank Siding - Painting (I)	2021	26 of 40
1015	Hardi-Plank Siding - Painting (II)	2033	26 of 40
<b>Building Components</b>			
1005	Brick Chimney - Repoint	Unfunded	28 of 40
1013	Brick Chimney - Reseal	Unfunded	28 of 40
1006	Gutters and Downspouts - Partial Replacement	2025	29 of 40
1002	Hardi-Plank Siding - Partial Replacement	2045	29 of 40
1001	Vinyl Siding - Replacement	2027	30 of 40
1004	Wood Overhangs and Trim - Partial Replacement	2021	31 of 40
<b>Grounds Components</b>			
1011	Electrical Study	Unfunded	32 of 40
1017	Irrigation System - Back Flow	Unfunded	32 of 40
1016	Irrigation System - Contingency Repairs	2021	33 of 40
1009	Irrigation System - Controller	Unfunded	33 of 40
1018	Irrigation System - Valves	Unfunded	34 of 40
1010	Plumbing Study	Unfunded	34 of 40
<b>Insurance Deductible</b>			
1012	Insurance Deductible	2016	36 of 40
	Total Funded Assets	10	
	Total Unfunded Assets	<u>7</u>	
	Total Assets	17	

## **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.

**The Association was not able to locate the Declarations during the preparation of the 2016 reserve study. During the site visit, Schwindt & Co. was informed by the board of directors that the homeowners are responsible for maintenance, repair and/or replacements of the following components on their lots:**

- **Patios**
- **Windows and doors**
- **Light posts fixtures**
- **Brick walls and gates**
- **Sidewalks and driveways**
- **Golf ball screens**
- **Dividers**
- **Railings**
- **Fences**
- **Exterior lighting fixtures**
- **Brick/cement pavers**
- **Dryer vents**
- **Underground utilities**
- **Drains wiring**

**Per telephone conversation with the board on February 3, 2016, they would like to fund for the following expenses in the operating budget:**

- **Irrigation System – Valves**
- **Irrigation System – Controller**
- **Irrigation System - Back Flow**

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 & Company in 2015. Schwindt & 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.

**Summerfield Townhouse Service Association No. 1**  
**Property Description**

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**

<i>Report Parameters</i>	
<b>Report Date</b>	<b>February 17, 2016</b>
<b>Budget Year Beginning</b>	<b>January 01, 2016</b>
<b>Budget Year Ending</b>	<b>December 31, 2016</b>
<b>Total Units</b>	<b>54</b>
<b>Inflation</b>	<b>2.50%</b>
<b>Interest Rate on Reserve Deposit</b>	<b>0.10%</b>
<b>2016 Beginning Balance</b>	<b>\$107,000.00</b>

**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 **\$45,000** in **2016** and increases **8.50%** each year to **2027**. In **2028**, the contribution is **\$37,000** and increases **2.50%** for the remaining years of the study. A minimum balance of **\$83,276** is maintained.
- The reserve study cash flow model includes an annual increase in the required contribution over the 30 year period. Since the current Board and membership only has the authority to obligate the Association for the current budget year, the cash flow model relies on the actions of future Boards to adhere to the required increase in the annual reserve contribution. Because of the possibility that future Boards, due to budgetary constraints, are not able to increase the reserve contribution to the required amount to provide for adequate funding, the Association may be at risk in the future of special assessing the members to fund needed expenditures.
- The purpose of this study is to insure 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***

<b>Required Month Contribution</b>	<b>\$3,750.00</b>
<i>\$69.44 per unit monthly</i>	
<b>Average Net Month Interest Earned</b>	<b>\$10.12</b>
<b>Total Month Allocation to Reserves</b>	<b>\$3,760.12</b>
<i>\$69.63 per unit monthly</i>	

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

Beginning Balance: \$107,000

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves
2016	45,000	121	10,000	142,121
2017	48,825	169		191,115
2018	52,975	220		244,310
2019	57,478	276		302,064
2020	62,364	336		364,763
2021	67,665	294	107,947	324,775
2022	73,416	365		398,556
2023	79,656	442		478,654
2024	86,427	526		565,607
2025	93,774	156	460,367	199,169
2026	101,744	242	12,801	288,354
2027	110,393	33	315,503	83,276
2028	37,000	103		120,380
2029	37,925	141		158,446
2030	38,873	180		197,498
2031	39,845	205	14,483	223,065
2032	40,841	186	58,990	205,102
2033	41,862	93	134,989	112,068
2034	42,909	135		155,112
2035	43,981	179		199,273
2036	45,081	207	16,386	228,175
2037	46,208	253		274,636
2038	47,363	300		322,300
2039	48,547	192	156,546	214,493
2040	49,761	242		264,496
2041	51,005	274	18,539	297,235
2042	52,280	326		349,841
2043	53,587	379		403,807
2044	54,927	434		459,167
2045	56,300	67	422,534	93,000

# **Summerfield Townhouse Service Association No. 1** **Component Summary By Category**

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
<b>Roofing</b>								
Composition Roofs - Replacement	2000	2025	25	0	9	1 Total	357,380.63	357,381
Membrane Roofs - Replacement	2012	2032	20	0	16	1 Total	39,737.26	<u>39,737</u>
Roofing - Total								<u>\$397,118</u>
<b>Painting</b>								
Hardi-Plank Siding - Painting (I)	2015	2021	6	0	5	53,216 SF	1.13	60,134
Hardi-Plank Siding - Painting (II)	2015	2033	6	12	17	78,508 SF	1.13	<u>88,714</u>
Painting - Total								<u>\$148,848</u>
<b>Building Components</b>								
Brick Chimney - Repoint								
Brick Chimney - Reseal								
Gutters and Downspouts - Partial Replace..	2001	2025	25	-1	9	1,874 LF	6.00	11,248
Hardi-Plank Siding - Partial Replacement	2015	2045	30	0	29	19,627 SF	6.00	117,762
Vinyl Siding - Replacement	1996	2027	30	1	11	25,291 SF	7.13	180,325
Wood Overhangs and Trim - Partial Repla..	1974	2021	25	22	5	2,527 SF	10.00	<u>25,275</u>
Building Components - Total								<u>\$334,610</u>
<b>Grounds Components</b>								
Electrical Study								
Irrigation System - Back Flow								
Irrigation System - Contingency Repairs	1975	2021	5	41	5	1 Total	10,000.00	10,000
Irrigation System - Controller								
Irrigation System - Valves								
Plumbing Study								
Grounds Components - Total								<u>\$10,000</u>
<b>Insurance Deductible</b>								
Insurance Deductible	2015	2016	1	0	0	1 Total	10,000.00	<u>10,000</u>
Insurance Deductible - Total								<u>\$10,000</u>
Total Asset Summary								<u>\$900,576</u>

# **Summerfield Townhouse Service Association No. 1** **Component Summary By Group**

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
Insurance Deductible	2015	2016	1	0	0	1 Total	10,000.00	10,000
Hardi-Plank Siding - Painting (I)	2015	2021	6	0	5	53,216 SF	1.13	60,134
Irrigation System - Contingency Repairs	1975	2021	5	41	5	1 Total	10,000.00	10,000
Wood Overhangs and Trim - Partial Repla..	1974	2021	25	22	5	2,527 SF	10.00	25,275
Composition Roofs - Replacement	2000	2025	25	0	9	1 Total	357,380.63	357,381
Gutters and Downspouts - Partial Replace..	2001	2025	25	-1	9	1,874 LF	6.00	11,248
Vinyl Siding - Replacement	1996	2027	30	1	11	25,291 SF	7.13	180,325
Membrane Roofs - Replacement	2012	2032	20	0	16	1 Total	39,737.26	39,737
Hardi-Plank Siding - Painting (II)	2015	2033	6	12	17	78,508 SF	1.13	88,714
Hardi-Plank Siding - Partial Replacement	2015	2045	30	0	29	19,627 SF	6.00	117,762
Brick Chimney - Repoint	<i>Unfunded</i>							
Brick Chimney - Reseal	<i>Unfunded</i>							
Plumbing Study	<i>Unfunded</i>							
Irrigation System - Back Flow	<i>Unfunded</i>							
Irrigation System - Controller	<i>Unfunded</i>							
Electrical Study	<i>Unfunded</i>							
Irrigation System - Valves	<i>Unfunded</i>							
Total Asset Summary								<u>\$900,576</u>

**Summerfield Townhouse Service Association No. 1**  
**Distribution by Percentage of Ideally Funded**

Description	Remaining Life	Beginning Balance	Assessment Distributed	Interest Distributed	Expenditures	Ending Balance
<b>Roofing</b>						
Composition Roofs - Replacement	9	54,656	24,482	66		79,204
Membrane Roofs - Replacement	16	<u>1,899</u>	<u>851</u>	<u>2</u>		<u>2,752</u>
Roofing - Total		\$56,555	\$25,333	\$68		\$81,956
<b>Painting</b>						
Hardi-Plank Siding - Painting (I)	5	2,395	1,073	3		3,471
Hardi-Plank Siding - Painting (II)	17	<u>1,178</u>	<u>528</u>	<u>1</u>		<u>1,707</u>
Painting - Total		\$3,573	\$1,600	\$4		\$5,177
<b>Building Components</b>						
Brick Chimney - Repoint		<i>Unfunded</i>				
Brick Chimney - Reseal		<i>Unfunded</i>				
Gutters and Downspouts - Partial Replace..	9	1,680	753	2		2,435
Hardi-Plank Siding - Partial Replacement	29	938	420	1		1,359
Vinyl Siding - Replacement	11	27,800	12,453	34		40,287
Wood Overhangs and Trim - Partial Repla..	5	<u>5,397</u>	<u>2,418</u>	<u>7</u>		<u>7,821</u>
Building Components - Total		\$35,816	\$16,043	\$43		\$51,902
<b>Grounds Components</b>						
Electrical Study		<i>Unfunded</i>				
Irrigation System - Back Flow		<i>Unfunded</i>				
Irrigation System - Contingency Repairs	5	2,130	954	3		3,086
Irrigation System - Controller		<i>Unfunded</i>				
Irrigation System - Valves		<i>Unfunded</i>				
Plumbing Study		<i>Unfunded</i>				
Grounds Components - Total		\$2,130	\$954	\$3		\$3,086
<b>Insurance Deductible</b>						
Insurance Deductible	0	<u>8,927</u>	<u>1,070</u>	<u>3</u>	<u>10,000</u>	0
Insurance Deductible - Total		\$8,927	\$1,070	\$3	\$10,000	
Grand - Total		<u>\$107,000</u>	<u>\$45,000</u>	<u>\$121</u>	<u>\$10,000</u>	<u>\$142,121</u>

**Summerfield Townhouse Service Association No. 1**  
**Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2016</b>	
Insurance Deductible	10,000
<b>Total for 2016</b>	<b>\$10,000</b>
<i>No Replacement in 2017</i>	
<i>No Replacement in 2018</i>	
<i>No Replacement in 2019</i>	
<i>No Replacement in 2020</i>	
<b>Replacement Year 2021</b>	
Hardi-Plank Siding - Painting (I)	68,036
Irrigation System - Contingency Repairs	11,314
Wood Overhangs and Trim - Partial Replacement	28,596
<b>Total for 2021</b>	<b>\$107,947</b>
<i>No Replacement in 2022</i>	
<i>No Replacement in 2023</i>	
<i>No Replacement in 2024</i>	
<b>Replacement Year 2025</b>	
Composition Roofs - Replacement	446,319
Gutters and Downspouts - Partial Replacement	14,048
<b>Total for 2025</b>	<b>\$460,367</b>
<b>Replacement Year 2026</b>	
Irrigation System - Contingency Repairs	12,801
<b>Total for 2026</b>	<b>\$12,801</b>
<b>Replacement Year 2027</b>	
Hardi-Plank Siding - Painting (I)	78,901
Vinyl Siding - Replacement	236,602
<b>Total for 2027</b>	<b>\$315,503</b>
<i>No Replacement in 2028</i>	
<i>No Replacement in 2029</i>	
<i>No Replacement in 2030</i>	

**Summerfield Townhouse Service Association No. 1**  
**Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2031</b>	
Irrigation System - Contingency Repairs	14,483
<b>Total for 2031</b>	<b>\$14,483</b>
<b>Replacement Year 2032</b>	
Membrane Roofs - Replacement	58,990
<b>Total for 2032</b>	<b>\$58,990</b>
<b>Replacement Year 2033</b>	
Hardi-Plank Siding - Painting (II)	134,989
<b>Total for 2033</b>	<b>\$134,989</b>
<i>No Replacement in 2034</i>	
<i>No Replacement in 2035</i>	
<b>Replacement Year 2036</b>	
Irrigation System - Contingency Repairs	16,386
<b>Total for 2036</b>	<b>\$16,386</b>
<i>No Replacement in 2037</i>	
<i>No Replacement in 2038</i>	
<b>Replacement Year 2039</b>	
Hardi-Plank Siding - Painting (II)	156,546
<b>Total for 2039</b>	<b>\$156,546</b>
<i>No Replacement in 2040</i>	
<b>Replacement Year 2041</b>	
Irrigation System - Contingency Repairs	18,539
<b>Total for 2041</b>	<b>\$18,539</b>
<i>No Replacement in 2042</i>	
<i>No Replacement in 2043</i>	
<i>No Replacement in 2044</i>	
<b>Replacement Year 2045</b>	
Hardi-Plank Siding - Painting (II)	181,545

**Summerfield Townhouse Service Association No. 1**  
**Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2045 continued...</i>	
Hardi-Plank Siding - Partial Replacement	240,989
<b>Total for 2045</b>	<b><u>\$422,534</u></b>



**Summerfield Townhouse Service Association No. 1**  
**Detail Report by Category**

**Composition Roofs - Replacement**

Asset ID	1007	1 Total	@ \$357,380.63
	Capital	Asset Cost	\$357,380.63
	Roofing	Percent Replacement	100%
Placed in Service	January 2000	Future Cost	\$446,319.43
Useful Life	25		
Replacement Year	2025		
Remaining Life	9		

This provision provides funding to replace the composition roofs.

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.

**Membrane Roofs - Replacement**

Asset ID	1008	1 Total	@ \$39,737.26
	Capital	Asset Cost	\$39,737.26
	Roofing	Percent Replacement	100%
Placed in Service	January 2012	Future Cost	\$58,990.18
Useful Life	20		
Replacement Year	2032		
Remaining Life	16		

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.

**Roofing - Total Current Cost                      \$397,118**

**Summerfield Townhouse Service Association No. 1**  
**Detail Report by Category**

**Hardi-Plank Siding - Painting (I)**

		53,216 SF	@ \$1.13
Asset ID	1003	Asset Cost	\$60,134.08
	Non Capital	Percent Replacement	100%
	Painting	Future Cost	\$68,036.19
Placed in Service	January 2015		
Useful Life	6		
Replacement Year	2021		
Remaining Life	5		

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.

The cost is based on a per square foot estimate from Brimm's Painting 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 - Painting (II)**

		78,508 SF	@ \$1.13
Asset ID	1015	Asset Cost	\$88,714.04
	Non Capital	Percent Replacement	100%
	Painting	Future Cost	\$134,988.90
Placed in Service	January 2015		
Useful Life	6		
Adjustment	12		
Replacement Year	2033		
Remaining Life	17		

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.

This component assumes that all of the vinyl siding will be replaced to Hardi-plank as scheduled.

The cost is based on a per square foot estimate from Brimm's Painting provided by the Association. The Association will need to obtain bids for this work.

**Summerfield Townhouse Service Association No. 1**  
**Detail Report by Category**

*Hardi-Plank Siding - Painting (II) continued...*

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

<b>Painting - Total Current Cost</b>	<b>\$148,848</b>
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**Summerfield Townhouse Service Association No. 1**  
**Detail Report by Category**

<b>Brick Chimney - Repoint</b>		5,454 SF	@ \$10.00
Asset ID	1005	Asset Cost	
	Non Capital		
	Building Components	Future Cost	
Placed in Service	January 1974		
Useful Life	25		
Adjustment	17		
Replacement Year	2016		
Remaining Life	0		

This provision provides funding to repoint the brick chimneys.

Schwindt & Company estimated 5,454 square feet of brick.

The cost is based on a per square foot estimate provided by D&R Masonry. 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.

**In 2015, the board provided that their governing document does not specify the maintenance responsibilities for the brick chimneys. They are in the process of reviewing and amending their Bylaws. They would like to unfund this component until the amended Bylaws are approved.**

<b>Brick Chimney - Reseal</b>		5,454 SF	@ \$0.75
Asset ID	1013	Asset Cost	
	Non Capital		
	Building Components	Future Cost	
Placed in Service	January 1974		
Useful Life	5		
Adjustment	37		
Replacement Year	2016		
Remaining Life	0		

This provision provides funding to seal the brick chimneys.

Schwindt & Company estimated 5,454 square feet of brick.

The cost is based on a per square foot estimate provided by D&R Masonry. 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.

**In 2015, the board provided that their governing document does not specify the**

**Summerfield Townhouse Service Association No. 1**  
**Detail Report by Category**

*Brick Chimney - Reseal continued...*

**maintenance responsibilities for the brick chimneys. They are in the process of reviewing and amending their Bylaws. They would like to unfund this component until the amended Bylaws are approved.**

**Gutters and Downspouts - Partial Replacement**

Asset ID	1006	7,499 LF	@ \$6.00
	Non Capital	Asset Cost	\$11,248.50
	Building Components	Percent Replacement	25%
Placed in Service	January 2001	Future Cost	\$14,047.83
Useful Life	25		
Adjustment	-1		
Replacement Year	2025		
Remaining Life	9		

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.

**Hardi-Plank Siding - Partial Replacement**

Asset ID	1002	78,508 SF	@ \$6.00
	Non Capital	Asset Cost	\$117,762.00
	Building Components	Percent Replacement	25%
Placed in Service	January 2015	Future Cost	\$240,989.03
Useful Life	30		
Replacement Year	2045		
Remaining Life	29		

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.

**Summerfield Townhouse Service Association No. 1**  
**Detail Report by Category**

*Hardi-Plank Siding - Partial Replacement continued...*

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

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.

**Vinyl Siding - Replacement**

		25,291 SF	@ \$7.13
Asset ID	1001	Asset Cost	\$180,324.83
	Capital	Percent Replacement	100%
	Building Components	Future Cost	\$236,601.80
Placed in Service	January 1996		
Useful Life	30		
Adjustment	1		
Replacement Year	2027		
Remaining Life	11		

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.

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

Asset ID	1004	5,055 SF	@ \$10.00
		Asset Cost	\$25,275.00
	Non Capital	Percent Replacement	50%
	Building Components	Future Cost	\$28,596.34
Placed in Service	January 1974		
Useful Life	25		
Adjustment	22		
Replacement Year	2021		
Remaining Life	5		

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

The cost is based on a per square foot estimate provided by Clow Roofing and siding. 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.

**Building Components - Total Current Cost** **\$334,610**

**Summerfield Townhouse Service Association No. 1**  
**Detail Report by Category**

Electrical Study		1 Total	@ \$10,000.00
Asset ID	1011	Asset Cost	\$10,000.00
	Non Capital	Percent Replacement	100%
	Grounds Components	Future Cost	\$13,448.89
Placed in Service	January 2015		
Useful Life	1		
Adjustment	12		
Replacement Year	2028		
Remaining Life	12		

Due to the age of the buildings, this provision funds for an electrical study. The results of the study will need to be added to the reserve study.

The Association would like to remove this component from the reserve study per email dated 12/18/15. This component has been left in the reserve study for information purposes.

The Association will need to come up with a plan if replacement is the Association's responsibility.

Irrigation System - Back Flow		1 Each	@ \$500.00
Asset ID	1017	Asset Cost	
	Capital		
	Grounds Components	Future Cost	
Placed in Service	January 2008		
Useful Life	10		
Replacement Year	2018		
Remaining Life	2		

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.

Per telephone conversation with the board on February 3, 2016, they would like to fund for this expense in the operating budget.



**Summerfield Townhouse Service Association No. 1**  
**Detail Report by Category**

Irrigation System - Contingency Repairs		1 Total	@ \$10,000.00
Asset ID	1016	Asset Cost	\$10,000.00
	Non Capital	Percent Replacement	100%
	Grounds Components	Future Cost	\$11,314.08
Placed in Service	January 1975		
Useful Life	5		
Adjustment	41		
Replacement Year	2021		
Remaining Life	5		

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

According to Ken Shaddy, the Association's landscaper, the irrigation system is 40 years old. They started maintaining the irrigation system in 2015 and the issue is that this system is inefficient. To upgrade to an efficient system it would cost approximately \$100,000. He recommends budgeting \$10,000 every 5 years for any unexpected repairs.

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

Irrigation System - Controller		1 Each	@ \$1,100.00
Asset ID	1009	Asset Cost	\$1,100.00
	Capital	Percent Replacement	100%
	Grounds Components	Future Cost	\$1,155.69
Placed in Service	January 2008		
Useful Life	10		
Replacement Year	2018		
Remaining Life	2		

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.

Per telephone conversation with the board on February 3, 2016, they would like to fund for this expense in the operating budget.

**Summerfield Townhouse Service Association No. 1**  
**Detail Report by Category**

**Irrigation System - Valves**

		18 Each	@ \$500.00
Asset ID	1018	Asset Cost	\$4,500.00
	Capital	Percent Replacement	50%
	Grounds Components	Future Cost	\$6,847.28
Placed in Service	January 2013		
Useful Life	20		
Replacement Year	2033		
Remaining Life	17		

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.

Per telephone conversation with the board on February 3, 2016, they would like to fund for this expense in the operating budget.

**Plumbing Study**

		1 Total	@ \$10,000.00
Asset ID	1010	Asset Cost	\$10,000.00
	Non Capital	Percent Replacement	100%
	Grounds Components	Future Cost	\$10,000.00
Placed in Service	January 2015		
Useful Life	1		
Replacement Year	2016		
Remaining Life	0		

Due to the age of the buildings, this provision funds for a plumbing study. The results of the study will need to be added to the reserve study.

The Association would like to remove this component from the reserve study per email dated 12/18/15. This component has been left in the reserve study for information purposes.

The Association will need to come up with a plan if replacement is the Association's responsibility.

**Summerfield Townhouse Service Association No. 1**  
**Detail Report by Category**

<b>Grounds Components - Total Current Cost</b>	<b>\$10,000</b>
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**Summerfield Townhouse Service Association No. 1**  
**Detail Report by Category**

Insurance Deductible		1 Total	@ \$10,000.00
Asset ID	1012	Asset Cost	\$10,000.00
	Non Capital	Percent Replacement	100%
	Insurance Deductible	Future Cost	\$10,000.00
Placed in Service	January 2015		
Useful Life	1		
Replacement Year	2016		
Remaining Life	0		

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

**Insurance Deductible - Total Current Cost                      \$10,000**

# 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

## Terms and Definitions

**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 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.

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

or

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate})^{\text{Remaining Life}}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate})^{\text{Remaining Life}}]$$

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.

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

- Baseline Funding: Establishing a reserve funding goal of keeping the reserve 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 which 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 which 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 performance of field work 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 *Reserve Component* can be expected to serve its intended function if properly constructed in its present application or installation.