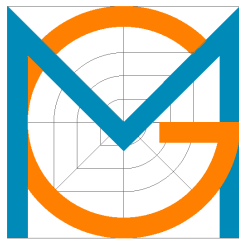


Capital Reserve Analysis Willow Park Condominium



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Property Description

Willow Park Condominium consists of three buildings that are all three very similar in construction with two-story wood-framing and each building constructed over a full storage area/basement. The property was developed more than 50 years ago and since that time has undergone several renovations and maintenance projects. The exterior of the buildings consists of painted brick veneer with wood trim. The roofs are steep sloped and clad with standard asphalt-based shingles. The property contains private entry/exit drives and parking areas. The primary amenities at the community are the buildings and grounds. The community is located off of Church Street, Decatur, Georgia. The other amenities include retaining walls, landscaped common areas, common area drainage, concrete sidewalks and domestic water system. The overall condition of the property was observed to be fair. The asphalt within the community in numerous locations is in fair to poor condition and will require remediation in the near future.

Level of Service

This study has been performed as a Level II; Full Replacement Reserve Study as defined under the National Reserve Study Standards that have been adopted by the Community Associations Institute. A complete component inventory was established based on information regarding common area components provided by the Association's representative and upon quantities derived from field measurement and/or quantity takeoffs from to-scale engineering drawings. The condition and remaining life of the common area components was based on the visual inspection of each component by the reserve specialist.

Current Funding Analysis and Recommended Future Funding

This reserve analysis has been prepared for Fiscal Year 2024 covering the period from January 1, 2024, to December 31, 2053. The Replacement Reserves on deposit as of January 1, 2024, are reported to be \$94,076.00. The planned contribution for this fiscal year is \$14,166. The balance and contribution figures have been supplied by the Community Manager and confirmation or audit of these figures is beyond the scope of the study. For the purposes of this study, it is assumed that the annual contribution will be deposited by the end of the year and expenditures will be paid from the reserve account by the end of the fiscal year.

We are recommending that the reserve funding level be set at \$18,000 in 2024 and the reserve funding requirements for the remaining years of the analysis period should be increased at a rate of \$1,000 per year. This increase in the funding levels to the reserves will help prevent future special assessments or loan requirements as the reserve fund should be



adequate to support the requirements of the community. Based upon our calculations the average yearly expenditure from reserves is calculated to be \$30,440 based upon our analysis and, therefore, the contributions to the reserves must be increased to meet these requirements.

In summary, Current Funding as reported by the Association and shown above, does not provide adequate funding for the \$30,440 yearly average of Projected Replacements scheduled in the Replacement Reserve Inventory over the Study Period. The total estimated expenditure for the reserve is \$913,219 for the 30-year term of the analysis period.

INFLATION ADJUSTMENT Prior to approving a budget based upon the inflation adjusted funding calculations, the 3.0 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percent), contact reserve specialist prior to using the Inflation Adjusted Funding.

INTEREST ON RESERVES The recommended funding calculations do account for interest earned on Replacement Reserves, based on the current interest rate provided by the Association's representative. The interest rate is applied to the reserve funds available at the beginning of the current fiscal year. We utilized an interest rate of 3.00% on the reserve funds.

Funding Methods

The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis. Due to the difference in accounting methodologies, these methods lead to different calculated values for the Minimum Annual Contribution to the Reserves. The results of both methods are presented in this report. The Association should obtain the advice of its accounting professional as to which method is more appropriate for the Association. The two methods are:

The Cash Flow Method calculates the minimum annual funding necessary to prevent Replacement Reserves from dropping below the Minimum Balance. Failure to fund at least the recommended levels may result in funding not being available for the Projected Replacements listed in the Replacement Reserve Inventory. The Cash Flow Analysis assumes that the Association will have authority to use all of the reserves on hand for replacements as the need occurs. This method usually results in a Minimum Annual Deposit that is less than that arrived at by the Component Method.

Minimum Balance. The calculations assume a Minimum Balance of \$40,000 in Replacement Reserves. This is approx. 16 months of average expenditures based on the \$30,440, 30-year average annual expenditure.



The Component Method (also referred to as the Full Funded Method) is a very conservative mathematical model developed by HUD in the early 1980s. Each of the Projected Replacements listed in the Replacement Reserve Inventory is treated as a separate account. The Beginning Balance is allocated to each of the individual accounts, as is all subsequent funding of Replacement Reserves. These funds are "locked" in these individual accounts and are not available to fund other Projected Replacements. Generally, the Minimum Annual Contribution to Reserves is higher when calculated by the Component Method.

Common Area Component Inventory and Funding Schedules

Willow Park Condominium															
Component Name	Unit Cost	Quantity	Total Cost	UL	RUL	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
SITEWORK															
Asphalt Parking Lot - Repair/Seal	\$3	1400	\$4,200	6	7								\$5,166		
Asphalt Parking Lot -Mill And Overlay	\$28	1400	\$39,200	20	1		\$40,376								
Entry Monument Sign -Repair/Paint	\$1,500	1	\$1,500	8	3				\$1,640						
Concrete Curbs -Repair/Partial Replace	\$3,500	1	\$3,500	15	1		\$3,605								
Concrete Sidwalks -Repair/Partial Replace	\$3,500	1	\$3,500	10	1		\$3,605								
Landscaping - Upgrade/Partial Replace	\$5,000	1	\$5,000	5	3				\$5,464					\$6,334	
Drainage -Repairs	\$4,500	1	\$4,500	5	3				\$4,918					\$5,701	
Picnic Area - Replace Furniture	\$500	1	\$500	12	3				\$547						
Roof Replacement -Shingles	\$350	170	\$59,500	20	10										
Roof Repairs	\$1,200	1	\$1,200	5	3				\$1,312					\$1,521	
Gutters and Downspouts -Replace	\$4,500	1	\$4,500	30	10										
Exterior Repairs and Painting	\$45,000	1	\$45,000	8	0	\$45,000								\$57,005	
Interior Corridors Front -Paint	\$2,500	6	\$15,000	7	2			\$15,914							\$19,572
Interior Corridors Rear -Paint	\$1,500	6	\$9,000	10	5					\$10,434					
Common Corridor Carpet -Replace	\$2,800	6	\$16,800	20	2			\$17,824							
Storage Areas/Laundry -Repairs and Painting	\$1,200	3	\$3,600	10	0	\$3,600									
Awnings -Replace	\$2,500	3	\$7,500	12	1		\$7,725								
Common Area Lighting -Repair/Partial Fixture Replace	\$1,800	1	\$1,800	15	5					\$2,087					
Common Area Electrical -Repair	\$1,500	1	\$1,500	15	2			\$1,592							
Sanitary Sewer Repairs	\$5,000	1	\$5,000	5	3				\$5,464					\$6,334	
Domestic Water Pipe Repairs	\$5,000	1	\$5,000	5	3				\$5,464					\$6,334	
Basement/Storage Areas - Repairs	\$2,500	3	\$7,500	6	2			\$7,957						\$9,501	
Front of Building Drainage Restoration	\$8,000	1	\$8,000	50	0	\$8,000									
Reserve Analysis Update	\$2,500	1	\$2,500	3	3				\$2,732			\$2,986			\$3,262
Annual Capital Expenditures						\$56,600	\$55,311	\$43,287	\$27,541	\$	\$12,521	\$2,986	\$5,166	\$92,730	\$22,834
Grand Total Expenditures	\$1,075,288														

Willow Park Condominium															
Component Name	Unit Cost	Quantity	Total Cost	UL	RUL	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
SITEWORK															
Asphalt Parking Lot - Repair/Seal	\$3	1400	\$4,200	6	7				\$6,168						\$7,365
Asphalt Parking Lot -Mill And Overlay	\$28	1400	\$39,200	20	1										
Entry Monument Sign -Repair/Paint	\$1,500	1	\$1,500	8	3		\$2,077								\$2,631
Concrete Curbs -Repair/Partial Replace	\$3,500	1	\$3,500	15	1						\$5,617				
Concrete Sidwalks -Repair/Partial Replace	\$3,500	1	\$3,500	10	1		\$4,845								
Landscaping - Upgrade/Partial Replace	\$5,000	1	\$5,000	5	3				\$7,343					\$8,513	
Drainage -Repairs	\$4,500	1	\$4,500	5	3				\$6,609					\$7,661	
Picnic Area - Replace Furniture	\$500	1	\$500	12	3					\$779					
Roof Replacement -Shingles	\$350	170	\$59,500	20	10	\$79,964									
Roof Repairs	\$1,200	1	\$1,200	5	3				\$1,763					\$2,043	
Gutters and Downspouts -Replace	\$4,500	1	\$4,500	30	10	\$6,048									
Exterior Repairs and Painting	\$45,000	1	\$45,000	8	0							\$72,212			
Interior Corridors Front -Paint	\$2,500	6	\$15,000	7	2							\$24,071			
Interior Corridors Rear -Paint	\$1,500	6	\$9,000	10	5						\$14,022				
Common Corridor Carpet -Replace	\$2,800	6	\$16,800	20	2										
Storage Areas/Laundry -Repairs and Painting	\$1,200	3	\$3,600	10	0	\$4,839									
Awnings -Replace	\$2,500	3	\$7,500	12	1				\$11,015						
Common Area Lighting -Repair/Partial Fixture Replace	\$1,800	1	\$1,800	15	5										
Common Area Electrical -Repair	\$1,500	1	\$1,500	15	2								\$2,480		
Sanitary Sewer Repairs	\$5,000	1	\$5,000	5	3				\$7,343					\$8,513	
Domestic Water Pipe Repairs	\$5,000	1	\$5,000	5	3				\$7,343					\$8,513	
Basement/Storage Areas - Repairs	\$2,500	3	\$7,500	6	2					\$11,345					
Front of Building Drainage Restoration	\$8,000	1	\$8,000	50	0										
Reserve Analysis Update	\$2,500	1	\$2,500	3	3			\$3,565			\$3,895			\$4,257	
Annual Capital Expenditures						\$90,851	\$6,922	\$3,565	\$47,584	\$11,345	\$18,696	\$101,900	\$2,480	\$39,500	\$9,996
Grand Total Expenditures	\$1,075,288														

Willow Park Condominium															
Component Name	Unit Cost	Quantity	Total Cost	UL	RUL	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
SITEWORK															
Asphalt Parking Lot - Repair/Seal	\$3	1400	\$4,200	6	7						\$8,794				
Asphalt Parking Lot -Mill And Overlay	\$28	1400	\$39,200	20	1		\$72,924								
Entry Monument Sign -Repair/Paint	\$1,500	1	\$1,500	8	3								\$3,332		
Concrete Curbs -Repair/Partial Replace	\$3,500	1	\$3,500	15	1										
Concrete Sidwalks -Repair/Partial Replace	\$3,500	1	\$3,500	10	1		\$6,512								
Landscaping - Upgrade/Partial Replace	\$5,000	1	\$5,000	5	3				\$9,868					\$11,440	
Drainage -Repairs	\$4,500	1	\$4,500	5	3				\$8,882					\$10,296	
Picnic Area - Replace Furniture	\$500	1	\$500	12	3								\$1,111		
Roof Replacement -Shingles	\$350	170	\$59,500	20	10										
Roof Repairs	\$1,200	1	\$1,200	5	3				\$2,369					\$2,746	
Gutters and Downspouts -Replace	\$4,500	1	\$4,500	30	10										
Exterior Repairs and Painting	\$45,000	1	\$45,000	8	0					\$91,476					
Interior Corridors Front -Paint	\$2,500	6	\$15,000	7	2				\$29,604						
Interior Corridors Rear -Paint	\$1,500	6	\$9,000	10	5						\$18,845				
Common Corridor Carpet -Replace	\$2,800	6	\$16,800	20	2			\$32,191							
Storage Areas/Laundry -Repairs and Painting	\$1,200	3	\$3,600	10	0	\$6,503									
Awnings -Replace	\$2,500	3	\$7,500	12	1						\$15,704				
Common Area Lighting -Repair/Partial Fixture Replace	\$1,800	1	\$1,800	15	5	\$3,252									
Common Area Electrical -Repair	\$1,500	1	\$1,500	15	2										
Sanitary Sewer Repairs	\$5,000	1	\$5,000	5	3				\$9,868					\$11,440	
Domestic Water Pipe Repairs	\$5,000	1	\$5,000	5	3				\$9,868					\$11,440	
Basement/Storage Areas - Repairs	\$2,500	3	\$7,500	6	2	\$13,546						\$16,175			
Front of Building Drainage Restoration	\$8,000	1	\$8,000	50	0										
Reserve Analysis Update	\$2,500	1	\$2,500	3	3		\$4,651			\$5,082			\$5,554		
Annual Capital Expenditures						\$23,301	\$84,087	\$32,191	\$70,459	\$96,558	\$43,343	\$16,175	\$9,997	\$47,362	\$
Grand Total Expenditures	\$1,075,288														

Willow Park Condominium - Recommended Funding Plan

Year	Beginning Reserve Fund Balance	Recommended Annual Funding	Capital Expenditures	Ending Reserve Balance	Current Annual Funding	Ending Reserve Balance
2024	\$94,076	\$20,000	\$56,600	\$60,298	\$14,166	\$54,464
2025	\$60,298	\$22,000	\$55,311	\$28,796	\$14,166	\$14,953
2026	\$28,796	\$24,000	\$43,287	\$10,373	\$14,166	-\$13,719
2027	\$10,373	\$26,000	\$27,541	\$9,143	\$14,166	-\$27,506
2028	\$9,143	\$28,000	\$0	\$37,418	\$14,166	-\$14,165
2029	\$37,418	\$30,000	\$12,521	\$56,019	\$14,166	-\$12,945
2030	\$56,019	\$31,000	\$2,986	\$85,714	\$14,166	-\$2,153
2031	\$85,714	\$32,000	\$5,166	\$115,119	\$14,166	\$6,782
2032	\$115,119	\$33,000	\$92,730	\$58,843	\$14,166	-\$71,578
2033	\$58,843	\$34,000	\$22,834	\$71,774	\$14,166	-\$82,394
2034	\$71,774	\$35,000	\$90,851	\$18,076	\$14,166	-\$161,551
2035	\$18,076	\$36,000	\$6,922	\$47,696	\$14,166	-\$159,153
2036	\$47,696	\$37,000	\$3,565	\$82,562	\$14,166	-\$153,327
2037	\$82,562	\$38,000	\$47,584	\$75,455	\$14,166	-\$191,344
2038	\$75,455	\$39,000	\$11,345	\$105,374	\$14,166	-\$194,264
2039	\$105,374	\$40,000	\$18,696	\$129,839	\$14,166	-\$204,622
2040	\$129,839	\$40,000	\$101,900	\$71,834	\$14,166	-\$298,494
2041	\$71,834	\$41,000	\$2,480	\$112,509	\$14,166	-\$295,763
2042	\$112,509	\$41,000	\$39,500	\$117,385	\$14,166	-\$329,970
2043	\$117,385	\$42,000	\$9,996	\$152,910	\$14,166	-\$335,699
2044	\$152,910	\$42,000	\$23,301	\$176,196	\$14,166	-\$354,905
2045	\$176,196	\$43,000	\$84,087	\$140,395	\$14,166	-\$435,473
2046	\$140,395	\$43,000	\$32,191	\$155,416	\$14,166	-\$466,562
2047	\$155,416	\$44,000	\$70,459	\$133,620	\$14,166	-\$536,852
2048	\$133,620	\$44,000	\$96,558	\$85,070	\$14,166	-\$635,350
2049	\$85,070	\$45,000	\$43,343	\$89,279	\$14,166	-\$683,587
2050	\$89,279	\$45,000	\$16,175	\$120,783	\$14,166	-\$706,104
2051	\$120,783	\$46,000	\$9,997	\$160,409	\$14,166	-\$723,118
2052	\$160,409	\$46,000	\$47,362	\$163,860	\$14,166	-\$778,008
2053	\$163,860	\$47,000	\$0	\$215,775	\$14,166	-\$787,182

Willow Park Condominium

Annual Replacement Reserve Schedule

Exterior Repairs and Painting	\$45,000
Storage Areas/Laundry -Repairs and Painting	\$3,600
Front of Building Drainage Restoration	\$8,000
Total 2024 Expenditures	\$56,600

Asphalt Parking Lot -Mill And Overlay	\$40,376
Concrete Curbs -Repair/Partial Replace	\$3,605
Concrete Sidwalks -Repair/Partial Replace	\$3,605
Awnings -Replace	\$7,725
Total 2025 Expenditures	\$55,311

Interior Corridors Front -Paint	\$15,914
Common Corridor Carpet -Replace	\$17,824
Common Area Electrical -Repair	\$1,592
Basement/Storage Areas - Repairs	\$7,957
Total 2026 Expenditures	\$43,287

Entry Monument Sign -Repair/Paint	\$1,640
Landscaping - Upgrade/Partial Replace	\$5,464
Drainage -Repairs	\$4,918
Picnic Area - Replace Furniture	\$547
Roof Repairs	\$1,312
Sanitary Sewer Repairs	\$5,464
Domestic Water Pipe Repairs	\$5,464
Reserve Analysis Update	\$2,732
Total 2027 Expenditures	\$27,541

Total 2028 Expenditures	\$
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Interior Corridors Rear -Paint	\$10,434
Common Area Lighting -Repair/Partial Fixture Replace	\$2,087
Total 2029 Expenditures	\$12,521

Reserve Analysis Update	\$2,986
Total 2030 Expenditures	\$2,986

Asphalt Parking Lot - Repair/Seal	\$5,166
Total 2031 Expenditures	\$5,166

Landscaping - Upgrade/Partial Replace	\$6,334
Drainage -Repairs	\$5,701
Roof Repairs	\$1,521

Exterior Repairs and Painting	\$57,005
Sanitary Sewer Repairs	\$6,334
Domestic Water Pipe Repairs	\$6,334
Basement/Storage Areas - Repairs	\$9,501
Total 2032 Expenditures	\$92,730

Interior Corridors Front -Paint	\$19,572
Reserve Analysis Update	\$3,262
Total 2033 Expenditures	\$22,834

Roof Replacement -Shingles	\$79,964
Gutters and Downspouts -Replace	\$6,048
Storage Areas/Laundry -Repairs and Painting	\$4,839
Total 2034 Expenditures	\$90,851

Entry Monument Sign -Repair/Paint	\$2,077
Concrete Sidwalks -Repair/Partial Replace	\$4,845
Total 2035 Expenditures	\$6,922

Reserve Analysis Update	\$3,565
Total 2036 Expenditures	\$3,565

Asphalt Parking Lot - Repair/Seal	\$6,168
Landscaping - Upgrade/Partial Replace	\$7,343
Drainage -Repairs	\$6,609
Roof Repairs	\$1,763
Awnings -Replace	\$11,015
Sanitary Sewer Repairs	\$7,343
Domestic Water Pipe Repairs	\$7,343
Total 2037 Expenditures	\$47,584

Basement/Storage Areas - Repairs	\$11,345
Total 2038 Expenditures	\$11,345

Picnic Area - Replace Furniture	\$779
Interior Corridors Rear -Paint	\$14,022
Reserve Analysis Update	\$3,895
Total 2039 Expenditures	\$18,696

Concrete Curbs -Repair/Partial Replace	\$5,617
Exterior Repairs and Painting	\$72,212
Interior Corridors Front -Paint	\$24,071
Total 2040 Expenditures	\$101,900

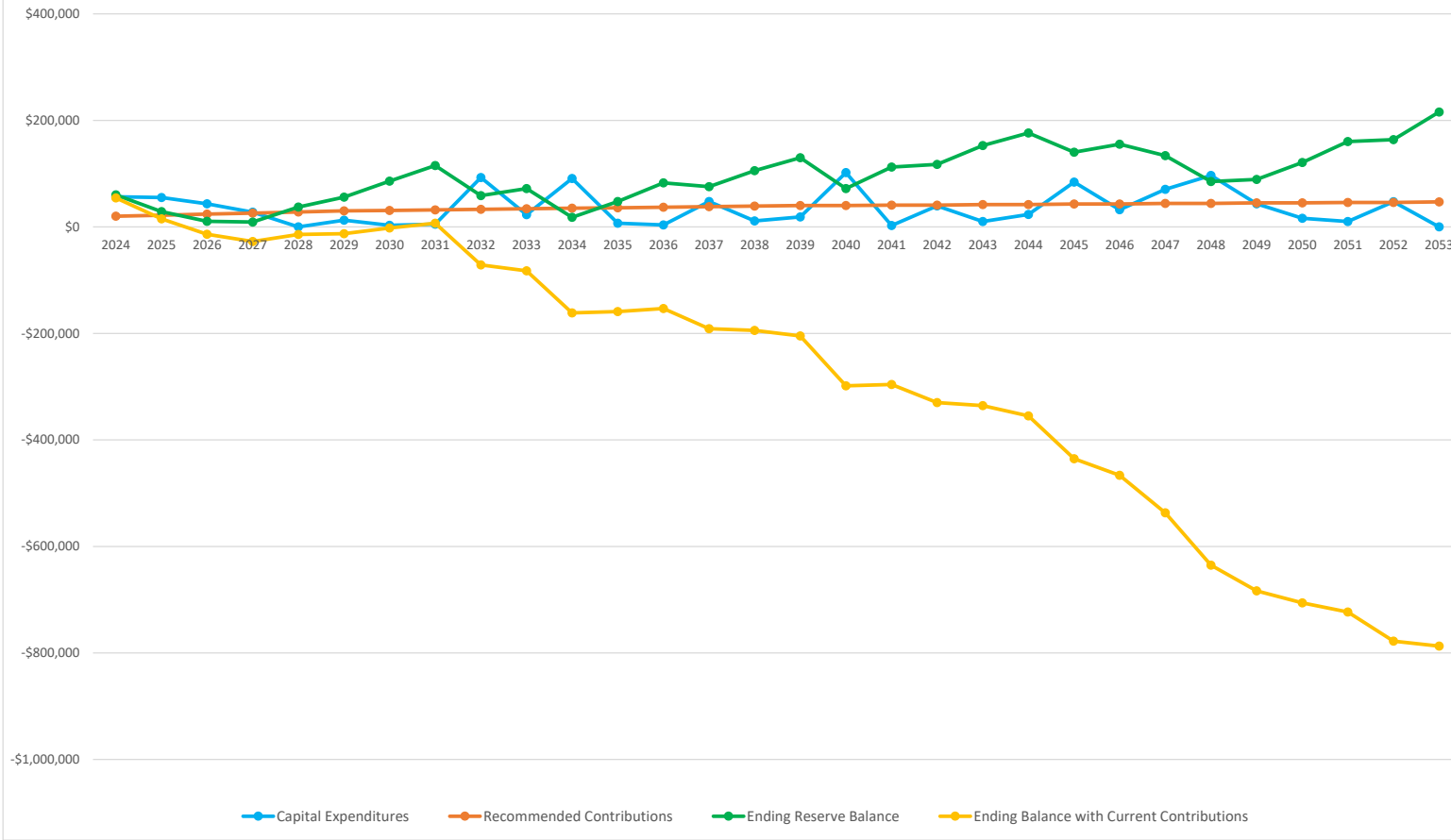
Common Area Electrical -Repair	\$2,480
Total 2041 Expenditures	\$2,480

Landscaping - Upgrade/Partial Replace	\$8,513
Drainage -Repairs	\$7,661
Roof Repairs	\$2,043
Sanitary Sewer Repairs	\$8,513
Domestic Water Pipe Repairs	\$8,513
Reserve Analysis Update	\$4,257
Total 2042 Expenditures	\$39,500
Asphalt Parking Lot - Repair/Seal	\$7,365
Entry Monument Sign -Repair/Paint	\$2,631
Total 2043 Expenditures	\$9,996
Storage Areas/Laundry -Repairs and Painting	\$6,503
Common Area Lighting -Repair/Partial Fixture Replace	\$3,252
Basement/Storage Areas - Repairs	\$13,546
Total 2044 Expenditures	\$23,301
Asphalt Parking Lot -Mill And Overlay	\$72,924
Concrete Sidewalks -Repair/Partial Replace	\$6,512
Reserve Analysis Update	\$4,651
Total 2045 Expenditures	\$84,087
Common Corridor Carpet -Replace	\$32,191
Total 2046 Expenditures	\$32,191
Landscaping - Upgrade/Partial Replace	\$9,868
Drainage -Repairs	\$8,882
Roof Repairs	\$2,369
Interior Corridors Front -Paint	\$29,604
Sanitary Sewer Repairs	\$9,868
Domestic Water Pipe Repairs	\$9,868
Total 2047 Expenditures	\$70,459
Exterior Repairs and Painting	\$91,476
Reserve Analysis Update	\$5,082
Total 2048 Expenditures	\$96,558
Asphalt Parking Lot - Repair/Seal	\$8,794
Interior Corridors Rear -Paint	\$18,845
Awnings -Replace	\$15,704
Total 2049 Expenditures	\$43,343
Basement/Storage Areas - Repairs	\$16,175
Total 2050 Expenditures	\$16,175
Entry Monument Sign -Repair/Paint	\$3,332
Picnic Area - Replace Furniture	\$1,111

Reserve Analysis Update	\$5,554
Total 2051 Expenditures	\$9,997
Landscaping - Upgrade/Partial Replace	\$11,440
Drainage -Repairs	\$10,296
Roof Repairs	\$2,746
Sanitary Sewer Repairs	\$11,440
Domestic Water Pipe Repairs	\$11,440
Total 2052 Expenditures	\$47,362
Total 2053 Expenditures	\$
Grand Total Expenditures	\$1,075,288

WILLOW PARK CONDOMINIUM ASSOCIATION - FUNDING CHART

automatic name



Willow Park Condominium - Full Funding Method															
Component Name	Unit Cost	Quantity	Total Cost	UL	RUL	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
SITEWORK															
Asphalt Parking Lot - Repair/Seal	\$3	1400	\$4,200	6	7	\$646	\$646	\$646	\$646	\$646	\$646	\$646	\$646	\$1,028	\$1,028
Asphalt Parking Lot -Mill And Overlay	\$28	1400	\$39,200	20	1	\$20,188	\$20,188	\$3,647	\$3,647	\$3,647	\$3,647	\$3,647	\$3,647	\$3,647	\$3,647
Entry Monument Sign -Repair/Paint	\$1,500	1	\$1,500	8	3	\$410	\$410	\$410	\$410	\$260	\$260	\$260	\$260	\$260	\$260
Concrete Curbs -Repair/Partial Replace	\$3,500	1	\$3,500	15	1	\$1,803	\$1,803	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375
Concrete Sidewalks -Repair/Partial Replace	\$3,500	1	\$3,500	10	1	\$1,803	\$1,803	\$485	\$485	\$485	\$485	\$485	\$485	\$485	\$485
Landscaping - Upgrade/Partial Replace	\$5,000	1	\$5,000	5	3	\$1,366	\$1,366	\$1,366	\$1,366	\$1,267	\$1,267	\$1,267	\$1,267	\$1,267	\$1,469
Drainage -Repairs	\$4,500	1	\$4,500	5	3	\$1,230	\$1,230	\$1,230	\$1,230	\$1,141	\$1,141	\$1,141	\$1,141	\$1,141	\$1,322
Picnic Area - Replace Furniture	\$500	1	\$500	12	3	\$137	\$137	\$137	\$137	\$65	\$65	\$65	\$65	\$65	\$65
Roof Replacement -Shingles	\$350	170	\$59,500	20	10	\$7,270	\$7,270	\$7,270	\$7,270	\$7,270	\$7,270	\$7,270	\$7,270	\$7,270	\$7,270
Roof Repairs	\$1,200	1	\$1,200	5	3	\$328	\$328	\$328	\$328	\$305	\$305	\$305	\$305	\$305	\$353
Gutters and Downspouts -Replace	\$4,500	1	\$4,500	30	10	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550
Exterior Repairs and Painting	\$45,000	1	\$45,000	8	0	\$45,000	\$7,126	\$7,126	\$7,126	\$7,126	\$7,126	\$7,126	\$7,126	\$7,126	\$9,027
Interior Corridors Front -Paint	\$2,500	6	\$15,000	7	2	\$5,305	\$5,305	\$5,305	\$2,796	\$2,796	\$2,796	\$2,796	\$2,796	\$2,796	\$2,796
Interior Corridors Rear -Paint	\$1,500	6	\$9,000	10	5	\$1,739	\$1,739	\$1,739	\$1,739	\$1,739	\$1,739	\$1,403	\$1,403	\$1,403	\$1,403
Common Corridor Carpet -Replace	\$2,800	6	\$16,800	20	2	\$5,942	\$5,942	\$5,942	\$1,610	\$1,610	\$1,610	\$1,610	\$1,610	\$1,610	\$1,610
Storage Areas/Laundry -Repairs and Painting	\$1,200	3	\$3,600	10	0	\$3,600	\$484	\$484	\$484	\$484	\$484	\$484	\$484	\$484	\$484
Awnings -Replace	\$2,500	3	\$7,500	12	1	\$3,863	\$3,863	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918
Common Area Lighting -Repair/Partial Fixture Replace	\$1,800	1	\$1,800	15	5	\$348	\$348	\$348	\$348	\$348	\$348	\$217	\$217	\$217	\$217
Common Area Electrical -Repair	\$1,500	1	\$1,500	15	2	\$531	\$531	\$531	\$166	\$166	\$166	\$166	\$166	\$166	\$166
Sanitary Sewer Repairs	\$5,000	1	\$5,000	5	3	\$1,366	\$1,366	\$1,366	\$1,366	\$1,267	\$1,267	\$1,267	\$1,267	\$1,267	\$1,469
Domestic Water Pipe Repairs	\$5,000	1	\$5,000	5	3	\$1,366	\$1,366	\$1,366	\$1,366	\$1,267	\$1,267	\$1,267	\$1,267	\$1,267	\$1,469
Basement/Storage Areas - Repairs	\$2,500	3	\$7,500	6	2	\$2,653	\$2,653	\$2,653	\$1,584	\$1,584	\$1,584	\$1,584	\$1,584	\$1,584	\$1,891
Front of Building Drainage Restoration	\$8,000	1	\$8,000	50	0	\$8,000	\$702	\$702	\$702	\$702	\$702	\$702	\$702	\$702	\$702
Reserve Analysis Update	\$2,500	1	\$2,500	3	3	\$683	\$683	\$683	\$683	\$996	\$996	\$996	\$1,088	\$1,088	\$1,088
Annual Capital Expenditures						\$116,127	\$67,839	\$45,607	\$37,332	\$37,014	\$37,014	\$36,547	\$36,639	\$37,021	\$40,064

Willow Park Condominium - Full Funding Method															
Component Name	Unit Cost	Quantity	Total Cost	UL	RUL	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
SITEWORK															
Asphalt Parking Lot - Repair/Seal	\$3	1400	\$4,200	6	7	\$1,028	\$1,028	\$1,028	\$1,028	\$1,228	\$1,228	\$1,228	\$1,228	\$1,228	\$1,228
Asphalt Parking Lot -Mill And Overlay	\$28	1400	\$39,200	20	1	\$3,647	\$3,647	\$3,647	\$3,647	\$3,647	\$3,647	\$3,647	\$3,647	\$3,647	\$3,647
Entry Monument Sign -Repair/Paint	\$1,500	1	\$1,500	8	3	\$260	\$260	\$329	\$329	\$329	\$329	\$329	\$329	\$329	\$329
Concrete Curbs -Repair/Partial Replace	\$3,500	1	\$3,500	15	1	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$584	\$584	\$584
Concrete Sidewalks -Repair/Partial Replace	\$3,500	1	\$3,500	10	1	\$485	\$485	\$652	\$652	\$652	\$652	\$652	\$652	\$652	\$652
Landscaping - Upgrade/Partial Replace	\$5,000	1	\$5,000	5	3	\$1,469	\$1,469	\$1,469	\$1,469	\$1,703	\$1,703	\$1,703	\$1,703	\$1,703	\$1,974
Drainage -Repairs	\$4,500	1	\$4,500	5	3	\$1,322	\$1,322	\$1,322	\$1,322	\$1,533	\$1,533	\$1,533	\$1,533	\$1,533	\$1,777
Picnic Area - Replace Furniture	\$500	1	\$500	12	3	\$65	\$65	\$65	\$65	\$65	\$65	\$93	\$93	\$93	\$93
Roof Replacement -Shingles	\$350	170	\$59,500	20	10	\$7,270	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222
Roof Repairs	\$1,200	1	\$1,200	5	3	\$353	\$353	\$353	\$353	\$409	\$409	\$409	\$409	\$409	\$474
Gutters and Downspouts -Replace	\$4,500	1	\$4,500	30	10	\$550	\$490	\$490	\$490	\$490	\$490	\$490	\$490	\$490	\$490
Exterior Repairs and Painting	\$45,000	1	\$45,000	8	0	\$9,027	\$9,027	\$9,027	\$9,027	\$9,027	\$9,027	\$9,027	\$11,435	\$11,435	\$11,435
Interior Corridors Front -Paint	\$2,500	6	\$15,000	7	2	\$3,439	\$3,439	\$3,439	\$3,439	\$3,439	\$3,439	\$3,439	\$4,230	\$4,230	\$4,230
Interior Corridors Rear -Paint	\$1,500	6	\$9,000	10	5	\$1,403	\$1,403	\$1,403	\$1,403	\$1,403	\$1,403	\$1,885	\$1,885	\$1,885	\$1,885
Common Corridor Carpet -Replace	\$2,800	6	\$16,800	20	2	\$1,610	\$1,610	\$1,610	\$1,610	\$1,610	\$1,610	\$1,610	\$1,610	\$1,610	\$1,610
Storage Areas/Laundry -Repairs and Painting	\$1,200	3	\$3,600	10	0	\$484	\$651	\$651	\$651	\$651	\$651	\$651	\$651	\$651	\$651
Awnings -Replace	\$2,500	3	\$7,500	12	1	\$918	\$918	\$918	\$918	\$1,309	\$1,309	\$1,309	\$1,309	\$1,309	\$1,309
Common Area Lighting -Repair/Partial Fixture Replace	\$1,800	1	\$1,800	15	5	\$217	\$217	\$217	\$217	\$217	\$217	\$217	\$217	\$217	\$217
Common Area Electrical -Repair	\$1,500	1	\$1,500	15	2	\$166	\$166	\$166	\$166	\$166	\$166	\$166	\$166	\$258	\$258
Sanitary Sewer Repairs	\$5,000	1	\$5,000	5	3	\$1,469	\$1,469	\$1,469	\$1,469	\$1,703	\$1,703	\$1,703	\$1,703	\$1,703	\$1,974
Domestic Water Pipe Repairs	\$5,000	1	\$5,000	5	3	\$1,469	\$1,469	\$1,469	\$1,469	\$1,703	\$1,703	\$1,703	\$1,703	\$1,703	\$1,974
Basement/Storage Areas - Repairs	\$2,500	3	\$7,500	6	2	\$1,891	\$1,891	\$1,891	\$1,891	\$1,891	\$2,258	\$2,258	\$2,258	\$2,258	\$2,258
Front of Building Drainage Restoration	\$8,000	1	\$8,000	50	0	\$702	\$702	\$702	\$702	\$702	\$702	\$702	\$702	\$702	\$702
Reserve Analysis Update	\$2,500	1	\$2,500	3	3	\$1,189	\$1,189	\$1,189	\$1,299	\$1,299	\$1,299	\$1,419	\$1,419	\$1,419	\$1,551
Annual Capital Expenditures						\$40,808	\$40,867	\$41,103	\$41,213	\$42,773	\$43,140	\$43,770	\$47,178	\$47,270	\$48,524

Willow Park Condominium - Full Funding Method															
Component Name	Unit Cost	Quantity	Total Cost	UL	RUL	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
SITEWORK															
Asphalt Parking Lot - Repair/Seal	\$3	1400	\$4,200	6	7	\$1,466	\$1,466	\$1,466	\$1,466	\$1,466	\$1,466	\$1,751	\$1,751	\$1,751	\$1,751
Asphalt Parking Lot -Mill And Overlay	\$28	1400	\$39,200	20	1	\$3,647	\$3,647	\$6,586	\$6,586	\$6,586	\$6,586	\$6,586	\$6,586	\$6,586	\$6,586
Entry Monument Sign -Repair/Paint	\$1,500	1	\$1,500	8	3	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$528	\$528
Concrete Curbs -Repair/Partial Replace	\$3,500	1	\$3,500	15	1	\$584	\$584	\$584	\$584	\$584	\$584	\$584	\$584	\$584	\$584
Concrete Sidwalks -Repair/Partial Replace	\$3,500	1	\$3,500	10	1	\$652	\$652	\$876	\$876	\$876	\$876	\$876	\$876	\$876	\$876
Landscaping - Upgrade/Partial Replace	\$5,000	1	\$5,000	5	3	\$1,974	\$1,974	\$1,974	\$1,974	\$2,288	\$2,288	\$2,288	\$2,288	\$2,288	\$2,653
Drainage -Repairs	\$4,500	1	\$4,500	5	3	\$1,777	\$1,777	\$1,777	\$1,777	\$2,060	\$2,060	\$2,060	\$2,060	\$2,060	\$2,388
Picnic Area - Replace Furniture	\$500	1	\$500	12	3	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$132	\$132
Roof Replacement -Shingles	\$350	170	\$59,500	20	10	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222	\$7,222
Roof Repairs	\$1,200	1	\$1,200	5	3	\$474	\$474	\$474	\$474	\$550	\$550	\$550	\$550	\$550	\$637
Gutters and Downspouts -Replace	\$4,500	1	\$4,500	30	10	\$490	\$490	\$490	\$490	\$490	\$490	\$490	\$490	\$490	\$490
Exterior Repairs and Painting	\$45,000	1	\$45,000	8	0	\$11,435	\$11,435	\$11,435	\$11,435	\$11,435	\$14,485	\$14,485	\$14,485	\$14,485	\$14,485
Interior Corridors Front -Paint	\$2,500	6	\$15,000	7	2	\$4,230	\$4,230	\$4,230	\$4,230	\$5,202	\$5,202	\$5,202	\$5,202	\$5,202	\$5,202
Interior Corridors Rear -Paint	\$1,500	6	\$9,000	10	5	\$1,885	\$1,885	\$1,885	\$1,885	\$1,885	\$1,885	\$2,533	\$2,533	\$2,533	\$2,533
Common Corridor Carpet - Replace	\$2,800	6	\$16,800	20	2	\$1,610	\$1,610	\$1,610	\$2,907	\$2,907	\$2,907	\$2,907	\$2,907	\$2,907	\$2,907
Storage Areas/Laundry -Repairs and Painting	\$1,200	3	\$3,600	10	0	\$651	\$874	\$874	\$874	\$874	\$874	\$874	\$874	\$874	\$874
Awnings -Replace	\$2,500	3	\$7,500	12	1	\$1,309	\$1,309	\$1,309	\$1,309	\$1,309	\$1,309	\$1,866	\$1,866	\$1,866	\$1,866
Common Area Lighting -Repair/Partial Fixture Replace	\$1,800	1	\$1,800	15	5	\$217	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338	\$338
Common Area Electrical -Repair	\$1,500	1	\$1,500	15	2	\$258	\$258	\$258	\$258	\$258	\$258	\$258	\$258	\$258	\$258
Sanitary Sewer Repairs	\$5,000	1	\$5,000	5	3	\$1,974	\$1,974	\$1,974	\$1,974	\$2,288	\$2,288	\$2,288	\$2,288	\$2,288	\$2,653
Domestic Water Pipe Repairs	\$5,000	1	\$5,000	5	3	\$1,974	\$1,974	\$1,974	\$1,974	\$2,288	\$2,288	\$2,288	\$2,288	\$2,288	\$2,653
Basement/Storage Areas - Repairs	\$2,500	3	\$7,500	6	2	\$2,258	\$2,696	\$2,696	\$2,696	\$2,696	\$2,696	\$3,219	\$3,219	\$3,219	\$3,219
Front of Building Drainage Restoration	\$8,000	1	\$8,000	50	0	\$702	\$702	\$702	\$702	\$702	\$702	\$702	\$702	\$702	\$702
Reserve Analysis Update	\$2,500	1	\$2,500	3	3	\$1,551	\$1,551	\$1,694	\$1,694	\$1,694	\$1,852	\$1,852	\$1,852	\$2,023	\$2,023
Annual Capital Expenditures						\$48,850	\$49,632	\$52,938	\$54,235	\$56,508	\$59,716	\$61,206	\$61,729	\$62,050	\$63,560



Property Review Comments and Recommendations

Asphalt Parking Area - The asphalt parking areas and driving areas within the community consists of a gravel base covered with asphalt surface course material. The parking area was observed to be in fair to poor condition with major deterioration observed in numerous locations at the private parking areas and drive areas. There have been patches of asphalt installed at some locations in the past, but the



current asphalt surface is at its useful life end. The typical useful life of an asphalt roadway/parking area is approximately 25 years depending upon the vehicular traffic



on the asphalt, underlying base conditions and maintenance. We have included the maintenance budget of crack sealing and patching every six years to help prolong the useful life of the asphalt at the community. The milling of the surface of the asphalt and replacement with a new layer of surface asphalt will be one of the more expensive items that the Association will be required to undertake. The milling of the surface course of the asphalt is a

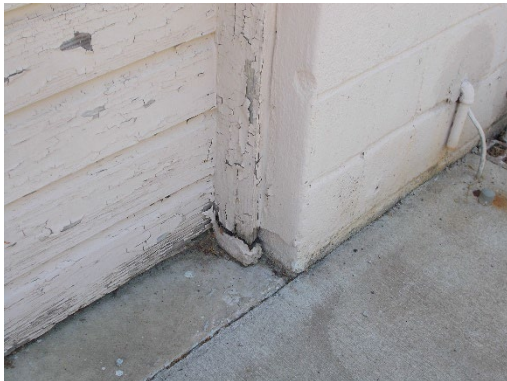
process to grind the top surface 1.5" to 2" of the asphalt parking lot and then replace the removed asphalt with a new layer of asphalt.

The areas where the asphalt is severely deteriorated (see the pictures) will require that the asphalt and base material be removed, and the area patched prior to the milling and overlay project. This budget has been provided to occur in 2025. The cost of this project in 2025 will be more than \$40,000. This is the reason for maintenance on the asphalt surface to prolong the useful life as long as possible.





Buildings - The buildings consist of primarily three-story wood-framed structures that are clad with brick veneer and wood trim and some siding accents. The overall condition of the buildings is fair with the old siding in poor condition and the buildings requiring painting due to peeling paint and rotted wood trim. The new materials to replace the rotted wood trim should be composite materials where possible to help reduce the future expenses of the Association due to wood rot. The Association should, when performing exterior restoration projects, be mindful of products that are more sustainable and will not rot or decay. These types of products may have a higher initial cost; however, the cost benefit in the long term will cause the Association to have less maintenance cost in the future. Another area of concern with the buildings are the cracks in the brick in some areas that will require repair (tuck pointing) prior to a new paint project being undertaken.



We have included several budgets for the buildings to include the shingle roof replacements, gutter and downspout replacements, exterior painting and repair, common corridor front painting, common corridor front carpet replacement, common corridor rear painting and restoration of the laundry rooms. All budgets are based upon the conditions observed at the property.

Landscaping and Drainage - The landscaping at the common areas was found to be in good condition. We recommend that \$5,000 be allocated every five years for landscape replacement and removal of dead or diseased bushes or trees within the common areas. This budget can also be utilized for any fallen trees that may occur within the property.



The drainage at the community consists of a sheet flow on landscaped areas and parking areas and concentrated flow along the curbs and grassed swales. The storm water is then collected into catch basins and drain inlets and transported by underground pipes to discharge locations off-site. From our review of the drainage on the property, we found that the system requires inspection and upgrade along the front of the buildings to provide adequate collection of the water and transport off property.





Purpose

The purpose of preparing the capital reserve analysis is to secure the reserve fund sufficient to repair, replace, restore, or maintain the major common area components. The capital reserve analysis process typically consists of the following steps:

1. **Inventory of Common Area Items:** The board retains a reserve specialist and provides a list of all major common area components, based on their legal documents. The reserve specialist prepares a spreadsheet containing the common area components list, including all items the Association is responsible for maintaining, repair and replacing.
2. **Review of Items, Evaluation and Condition:** The reserve company reviews the common area components, evaluates the condition of each component, and prepares a schedule with cost to repair/replace them, their useful service life span and remaining life span, and calculates how much money is needed and when.
3. **Funding Plan:** The reserve company evaluates the current funding based on data provided by the Association, calculates the future expenditures, and recommends the future funding utilizing the Cash Flow Method. Depending on funding recommendations, the board decides how to fund the reserves—continue current annual assessment contributions, increase annual assessment contributions, special assessments or a combination that would best suite the association's financial capabilities. The funding plan is typically annually disclosed to the membership in the year-end budgeting process.

The long-term budgeting for common area components and facility repair projects is extremely important but also stressful and at times an overwhelming responsibility to a Board or Facility Manager trying to keep everything in order. Retaining the reserve specialist to prepare a capital reserve analysis reflects in cost savings, reduced liability and the reduced stress that comes with budgeting for forthcoming expenses.

Benefits of preparing a Capital Reserve Analysis and following the recommendations provided in the report are following:

- Minimizing needs for special assessments when sufficient funding is provided for replacement and repairs of common area components. Special assessments are not favored by current owners and potential buyers and may negatively impact property values.
- Planned repairs and replacements of common area components improve the aesthetic appearance and enhances the property values.



- Distributing financial contributions over time and between present and future association members
- Adequate reserve funding provides for more effective resale and increase in property value.
- Reserve funds are required by some mortgage lenders, banks, community by-laws and state regulations.

Recommendations for Updating the Capital Reserve Analysis

Guidelines issued in 1991 by the American Institute of Certified Public Accountants state that annual capital reserve analysis updates should occur. This is to allow for sufficient budget planning and financial reporting. Governing Documents specify that an appropriate amount of reserves should be collected. If regular updates are not done, it cannot be determined that reserves are adequate.

Updating the capital reserve analysis regularly allows for more gradual changes to financial requirements. Leaving it for an extended period of time can result in a lot of changes to the plan. This means there is less chance of an unexpected increase in contribution funds required from owners.

Along with funding costs of eventual replacement, Association should implement a regular maintenance schedule for a property's components to enhance the probability that components will last long enough to reach their anticipated life span. The board of directors is recommended to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components that the association is obligated to repair, replace, restore, or maintain. A capital reserve analysis is not actually a "study" of the roofs, boilers, streets, etc. Instead, it is a list of the major common area components with an estimate of their remaining useful life, based on the visual observation during the capital reserve analysis preparation by someone who specializes in reserve studies.

It is important that your Association has an adequately contributed reserve fund. But, as the condition of your common interest property doesn't remain the same, neither should your capital reserve analysis. The analyses need to be updated to constantly reflect the needs of maintaining the property.

The allocation of reserve items is a guide for the Association, and it is not written in stone. Allocations are only projections and subject to revision as roofs, pavement, mechanical equipment, etc. wear out at their own rates. As a result, boards must review the capital reserve analysis, or retain a professional to review it, every three to four years and implement appropriate adjustments to the reserve account requirements. Hi-rises with



extensive list of common area components are advised to perform annual updates to appropriately adjust their funding plan.

Besides regularly scheduled updates, it is recommended that the updates be performed at the following situations: changes in interest and/or inflation rates, changes in number of association members that contribute to reserve funding, before alterations and additions to the property, before property improvements, after major restoration project, after natural disasters, and after changing in ownership or annexation.

FHA Loans. Reserves and reserve studies are also required for FHA backed mortgages.

Levels of Service

Capital Reserve Analysis evaluates all common area components of your property, including site work components, building exterior and interior components, mechanical, electrical, plumbing, and other essential systems, and forecast their repair and replacement costs over 30 years. We prepare custom capital reserve analysis reports for condominium associations, homeowners associations, town homes, co-operatives, public properties, religious institutions, educational institutions, and commercial properties.

In the capital reserve analysis industry, there are three levels of service. Typically, a new Association will start with a Level 1 (Full Capital reserve analysis) and move to a couple of Level 3 Study (Financial Update) before returning to a Level 2 Study (Update with Site Visit). These ongoing updates to the capital reserve analysis ensure adjustments are made to elements of the study; cost figures, remaining useful life of components and recommended funding. Over time the capital reserve analysis will become more accurate and in line with the association's long-term budgeting and funding goals.

LEVEL 1

Full Capital Reserve Analysis with Onsite Inspection

Our Full Level I Studies are ideal for new associations, communities and organizations that have never had a capital reserve analysis completed, have had significant changes from past studies or would like a fresh look at their common area inventory from a different capital reserve analysis company.

This is a comprehensive capital reserve analysis that from beginning to end offers the fullest in customer care, the most detailed component analysis, financial analysis, and catered study possible.

Our Full Capital reserve analysis Includes an onsite inspection where we measure and completely evaluate all your common area inventory. The report includes:



- Common Area Component Inventory
- On onsite visual inspection and condition assessment supported by notes and photographs
- Estimated Useful Life and Remaining Useful Life
- Estimated Replacement Cost
- Fund Status and Recommended Funding Plan

LEVEL 2

Capital Reserve Analysis Update with Onsite Inspection

Level II Studies are considered updates to prior studies and are ideal for associations who have a prior study they would like us to utilize for the component list and measurements / quantities but would still like a site inspection to determine remaining useful life of components.

This level of service provides savings to the association as we are not taking measurements and inventory of the components (taken from a prior study provided to us) but do perform a site inspection to determine current remaining life expectancies of components.

We can perform a Capital reserve analysis Update with an onsite inspection on any Capital reserve analysis completed in previous years by any company. The report includes:

- Review of historical data provided by the association and Adjustment of Prior Capital reserve analysis.
- Updated Common Area Component Inventory
- On onsite visual inspection and condition assessment supported by notes and photographs
- Updated Estimated Useful Life and Remaining Useful Life
- Updated Estimated Replacement Cost
- Updated Fund Status and Recommended Funding Plan

LEVEL 3

Capital Reserve Analysis Financial Update

Level III Studies are for communities which have had a past Level I or Level II study and are only seeking a financial update and projects completed update with no site inspection.

This is considered a Financial Update and there is no site inspection completed. All component inventory and remaining useful life numbers are taken from the prior study provided to us and assumed to be accurate. This update study is for communities seeking to



remain on top of budgeting concerns related to the reserve account or after completion of some major restorations.

We can perform a Capital reserve analysis Financial Update on any Capital reserve analysis completed in previous years by any company. Your report includes:

- Review of historical data provided by the association and Adjustment of Prior Capital reserve analysis.
- Updated Common Area Component Inventory
- Updated Estimated Useful Life and Remaining Useful Life
- Updated Estimated Replacement Cost
- Updated Fund Status and Recommended Funding Plan

A Capital reserve analysis is primarily a tool that enables the board of directors to identify and manage all common use components and establish the overall net worth and remaining life span of those components.

How the board chooses to plan for these eventual expenses can dramatically impact property values - as well as owners' pocketbooks, when a major component fails. Failure to fund could result in special assessments to owners, having to procure a loan to cover costs, or even the necessary deferment of repair or replacement.



Limitations of Responsibility

The Capital Reserve Analysis meets the Community Association Institute standards and requirements. G and M Engineering, Inc. has made every effort to responsibly evaluate available evidence relevant to the purpose of this inspection. Our observations, evaluations and recommendations are based on visible and apparent condition of the common area components on the date of inspection. We are not responsible for conditions that could not be observed or were not within our scope of work. Some of our conclusions were made based on the historical information provided by the Association, information provided by the Property Managers, Board members and contractors servicing the property. All information provided to us is deemed accurate and reliable, and no liability is assumed for incorrect information provided by the Association and its representatives. The cost estimates provided in the report are quotes based on the Building Construction Cost Data published by RS Means and our experience with similar project in this area. No estimates or opinions were solicited or obtained from other professionals. No warranty or guarantee to the future performance and useful life of common area components is provided, intended or implied in this report.

The observations and evaluations did not include the following items that are beyond the scope of this report:

- Independent audit, verification of historical data, and forensic analysis
- Adequacy and efficiency of any system or component on site
- Underground utility items like sewer lines, septic systems, water lines and other buried or concealed items
- Testing for soils conditions and contaminations
- Air quality, presence of asbestos, radon, lead paint, and any other contaminants, carcinogen, and any other hazardous substance
- Laboratory analysis for water quality and other environmental hazards
- Pest infestation beyond problems reported by the Association and its representatives.
- Engineering analysis of structural, mechanical, electrical, and plumbing systems
- State or local zoning ordinance violation
- Building code violations and conformance with ADA requirements, although some notes may be provided in the report.



- Accessing and detailed review of sloped roofs, attics, and crawlspaces, unless specified in the scope of work.



Glossary of Commonly Used Words and Phrases

(Provided by the National Reserve Study Standards of the Community Associations Institute)

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 – Also referred to as an “Asset.” Individual line items in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited useful life expectancies, 3) have predictable remaining life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

Component Full Funding – When the actual (or projected) cumulative reserve balance for all components is equal to the fully funded balance.

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

Deficit – An actual (or projected reserve balance), which is less than the fully funded balance.

Effective Age – The difference between useful life and remaining useful life (UL - RUL).

Financial Analysis – The portion of the Reserve Study where current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived, and the projected reserve income and expenses over time is presented. The financial analysis is one of the two parts of the Reserve Study.

Fully Funded Balance – An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life “used up” of the current repair or replacement cost of a reserve component. This number is calculated for each component, and then summed together for an association total.

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

Fund Status – The status of the reserve fund as compared to an established benchmark, such as percent funded.

Funding Goals – Independent of calculation methodology utilized, the following represent the basic categories of funding plan goals:



- **Baseline Funding:** Establishing a reserve-funding goal of keeping the reserve balance above zero.

- **Component Full Funding:** Setting a reserve funding goal of attaining and maintaining cumulative reserves at or near 100% funded.

- **Threshold Funding:** Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount.

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 contributions through the year
- Evenly distributed contributions over the years
- Fiscally responsible

GSF - Gross Square Feet

Life and Valuation Estimates – The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

LF - Linear Feet

Percent Funded – The ratio, at a particular point in time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the ideal fund balance, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the component evaluation, 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 current fiscal year have a “0” remaining useful life.

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



Reserve Balance – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components that the association is obligated to maintain. Also known as “reserves,” “reserve accounts,” or “cash reserves.” In this report the reserve balance is based upon information provided and is not audited.

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.

Special Assessment – An assessment levied on the members of an association in addition to regular assessments. Governing documents or local statutes often regulate special assessments.

Surplus – An actual (or projected) reserve balance that is greater than the fully funded balance.

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