

Wednesday, August 14, 2019

Level 1, Premium Reserve Analysis

Ventana HOA Northern & Bandera Pueblo, CO 81005



FINAL REPORT

Report Period – 01/01/20 – 12/31/20

Client Reference Number – 09729

Property Type – Single Family Dwellings

Fiscal Year End – December 31st

Number of Units – 146

Date of Property Observation – May 31, 2019

Property Observation Conducted by- Mike Kelsen

Project Manager – Mike Kelsen, RS, PRA

Main Contact Person – Angela Elliott, CMCA, AMS, CAM



Table of Contents

SECTION 1:

Introduction to Reserve Analysis	page 1
General Information and Answers to FAQ's	page 2-3
Summary of Reserve Analysis	page 4

SECTION 2:

Physical Analysis (Photographic)	page 1-20
---	------------------

SECTION 3:

Financial Analysis

a) Funding Summary	page 1
b) Percent Funded – Graph	page 2
c) Asset Inventory List	page 3
d) Significant Components Table.....	page 4
e) Significant Components – Graph	page 5
f) Yearly Summary Table	page 6
g) Yearly Contributions – Graph	page 7
h) Component Funding Information	page 8
i) Yearly Cash Flow Table	page 9
j) Projected Expenditures Year by Year – Graph	page 10
k) Projected Expenditures Year by Year	page 11-12

SECTION 4:

Glossary of Terms and Definitions	page 1-2
--	-----------------

Introduction to the Reserve Analysis –

The elected officials of this association made a wise decision to invest in a Reserve Analysis to get a better understanding of the status of the Reserve funds. This Analysis will be a valuable tool to assist the Board of Directors in making the decision to which the dues are derived. Typically, the Reserve contribution makes up 15% - 40% of the association's total budget. Therefore, Reserves is considered to be a significant part of the overall monthly association payment.

Every association conducts its business within a budget. There are typically two main parts to this budget, Operating and Reserves. The Operating budget includes all expenses that are fixed on an annual basis. These would include management fees, maintenance fees, utilities, etc. The Reserves is primarily made up of Capital Replacement items such as asphalt, roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

The Reserve Analysis is also broken down into two different parts, the Physical Analysis and the Financial Analysis. The Physical Analysis is information regarding the physical status and replacement cost of major common area components that the association is responsible to maintain. It is important to understand that while the Component Inventory will remain relatively "stable" from year to year, the Condition Assessment and Life/Valuation Estimates will most likely vary from year to year. You can find this information in the **Asset Inventory Section** (Section 2) of this Reserve Analysis. The **Financial Analysis Section** is the evaluation of the association's Reserve balance, income, and expenses. This is made up of a finding of the clients current Reserve Fund Status (measured as Percent Funded) and a recommendation for an appropriate Reserve Allocation rate (also known as the Funding Plan). You can find this information in Section 3 (pages 1 – 13) of this Reserve Analysis.

The purpose of this Reserve Analysis is to provide an educated estimate as to what the Reserve Allocation needs to be. The detailed schedules will serve as an advanced warning that major projects will need to be addressed in the future. This will allow the Board of Directors to have ample timing to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. This will also ensure the physical well being of the property and ultimately enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to Special Assessments.

It is important for the client, homeowners, and potential future homeowners to understand that the information contained in this analysis is based on estimates and assumptions gathered from various sources. Estimated life expectancies and cycles are based upon conditions that were readily visible and accessible at time of the observation. No destructive or intrusive methods (such as entering the walls to inspect the condition of electrical wiring, plumbing lines, and telephone wires) were performed. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), construction defects, and acts of nature have not been investigated in the preparation of this report. If problem areas were revealed, a reasonable effort has been made to include these items within the report. While every effort has been made to ensure accurate results, this report reflects the judgment of Aspen Reserve Specialties and should not be construed as a guarantee or assurance of predicting future events.

General Information and Answers to Frequently Asked Questions –

Why is it important to perform a Reserve Study?

As previously mentioned, the Reserve allocation makes up a significant portion of the total monthly dues. This report provides the essential information that is needed to guide the Board of Directors in establishing the budget in order to run the daily operations of your association. It is suggested that a third party professionally prepare a Reserve Study since there is no vested interest in the property. Also, a professional knows what to look for and how to properly develop an accurate and reliable component list.

Now that we have “it”, what do we do with “it”?

Hopefully, you will not look at this report and think it is too cumbersome to understand. Our intention is to make this Reserve Analysis very easy to read and understand. Please take the time to review it carefully and make sure the “main ingredients” (asset information) are complete and accurate. If there are any inaccuracies, please inform us immediately so we may revise the report.

Once you feel the report is an accurate tool to work from, use it to help establish your budget for the upcoming fiscal year. The Reserve allocation makes up a significant portion of the total monthly dues and this report should help you determine the correct amount of money to go into the Reserve fund. Additionally, the Reserve Study should act as a guide to obtain proposals in advance of pending normal maintenance and replacement projects. This will give you an opportunity to shop around for the best price available.

The Reserve Study should be readily available for Real Estate agents, brokerage firms, and lending institutions for potential future homeowners. As the importance of Reserves becomes more of a household term, people are requesting homeowners associations to reveal the strength of the Reserve fund prior to purchasing a condominium or townhome.

How often do we update or review “it”?

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has projections for the next 30 years. Just like any major line item in the budget, the Reserve Analysis should be reviewed *each year before* the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Aging rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the content of the Reserve Analysis. Therefore, this analysis should be reviewed annually, and a property observation should be conducted at least once every three years.

Is it the law to have a Reserve Study conducted?

The Government requires reserve analyses in approximately 20 states. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study is completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. This may not mean a Reserve Analysis is required, but how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think \$100,000 is a lot of money and they are in good shape. What they don't know is a major component will need to be replaced within 5 years, and the cost of the project is going to exceed \$125,000. So while \$100,000 sounds like a lot of money, in reality it won't even cover the cost of the component, let alone all the other amenities the association is responsible to maintain.

What makes an asset a “Reserve” item versus an “Operating” item?

A “Reserve” asset is an item that is the responsibility of the association to maintain, has a limited Useful Life, predictable Remaining Useful Life expectancies, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold cost. An “operating” expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a component for damage caused by high winds or other weather elements would be considered an “operating” expense. However, if the entire component needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a Reserve expense.

The GREY area of “maintenance” items that are often seen in a Reserve Study –

One of the most popular questions revolves around major “maintenance” items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a “capital” item, then it cannot be considered a Reserve issue. However, it is the opinion of several major Reserve Study providers that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to ignore a major expense that meets the criteria to be considered a Reserve component. Once explained in this context, many accountants tend to agree and will include any expenses, such as these examples, as a Reserve component.

The Property Observation –

The Property Observation was conducted following a review of the documents that were established by the developer identifying all common area assets. In some cases, the Board of Directors at some point may have revised the documents. In either case, the most current set of documents was reviewed prior to inspecting the property. In addition, common area assets may have been reported to Aspen Reserve Specialties by the client, or by other parties.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the observation. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the observation. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property.

The Reserve Fund Analysis –

We projected the starting balance from taking the most recent balance statement, adding expected Reserve contributions for the rest of the year, and subtracting any pending projects for the rest of the year. We compared this number to the ideal Reserve Balance and arrived at the Percent funded level. Measures of strength are as follows:

0% - 30% Funded – Is considered to be a “weak” financial position. Associations that fall into this category are subject to Special Assessments and deferred maintenance, which could lead to lower property values. If the association is in this position, actions should be taken to improve the financial strength of the Reserve Fund.

31% - 69% Funded – The majority of associations are considered to be in this “fair” financial position. While this doesn’t represent financial strength and stability, the likelihood of Special Assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the Reserve fund.

70% - 99% Funded – This indicates financial strength of a Reserve fund and every attempt to maintain this level should be a goal of the association.

100% Funded – This is the ideal amount of Reserve funding. This means that the association has the exact amount of funds in the Reserve account that should be at any given time.

Summary of Ventana HOA -

Association ID # - 09729

Projected Starting Balance as of January 1, 2020 -	\$29,600
Ideal Reserve Balance as of January 1, 2020 -	\$152,540
Percent Funded as of January 1, 2020 -	19%
Recommended Reserve Allocation (per quarter) -	\$6,990
Minimum Reserve Allocation (per quarter) -	\$6,420
Recommended Special Assessment (2020) -	\$40,500 (\$277 per home)

Information to complete this Reserve Analysis was gathered during a property observation of the common area elements on May 31, 2019. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representative. To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property contains 146 homes, or lots, that are part of a master association. For purposes of this report, the amenities the association is responsible to maintain were installed in 2005. The maintenance responsibilities of this association include perimeter fencing, a roundabout and landscaped areas within the roundabout, mailboxes, entry monuments, landscaping, and an irrigation system. Please refer to the *Projected Reserve Expenditures* table in the Financial Analysis section for a list of when components are supposed to be addressed.

In reviewing the 2019 budget and financial statement, it does not appear that a Reserve transfer has been established in the past. However, to date, approximately \$29,600 has been set aside in a separate account, resulting in a financial Reserve fund strength of approximately 19% as of the beginning of 2020. As a result of the information contained in this report, we suggest establishing a Reserve contribution of \$6,990 per quarter (representing a transfer of almost \$48.00 per home per quarter), followed by nominal annual increases of 3.00% thereafter to help offset the effects of inflation. In addition, a Special Assessment of \$40,500 (\$277 per home) will be needed in 2020 to help pay for the Reserve projects scheduled during that year. By following the recommendation, the plan will gradually increase the Reserve account to a positive manner, while achieving a fully funded position within the thirty-year period.

In the percent Funded graph, you will see we have also provided a "minimum Reserve contribution" of \$6,420 per quarter. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where additional Special Assessments, deferred maintenance, and lower property values are possible at some point in the future. The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period.

This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (approximately \$3.90 per home per quarter in this case) to the Reserve fund to only stay above a certain threshold. As you can see, the difference between the two scenarios is considered to be extremely minimal, and based on the risk involved, we strongly suggest the recommended Reserve Allocation is followed.

Comp #: 208 Concrete "Stone" Wall - Stain



Observations:

Wall should be stained every 10 - 12 years to maintain appearance.

Location: **Along Northers Ave.**

Quantity: **Approx. 1,015 LF**

Life Expectancy: **10** **Remaining Life:** **5**

Best Cost: **\$14,725**

\$14.50/LF; Estimate to restain/paint

Worst Cost: **\$15,750**

Higher estimate for more prep

Source of Information: Cost Database

General Notes:

Comp #: 208 Stucco Wall - Repaint



Observations:

- These surfaces should be painted approximately every 10 - 12 years to maintain appearance and prevent damage to stucco surface.

Location: **Along Bandera and Siena**

Quantity: **Approx. 30,540 GSF**

Life Expectancy: **12** Remaining Life: **0**

Best Cost: **\$25,975**

\$0.85/GSF; Estimate to repaint

Worst Cost: **\$30,550**

\$1.00/GSF; Higher estimate for more prep

Source of Information: Cost Database

General Notes:

**Along Bandera -
South of Venezia Way - Approx. 550 LF
From Venezia Way to Siena - Approx. 685 LF**

**Along Siena -
from Bandera to Ventana Cr - Approx. 425 LF
from Ventana Cir to west border - Approx. 875 LF**

Comp #: 405 Stamped Concrete - Repair/Replace



Observations:

- While periodic repairs are a possibility, with repairs, it is difficult to match the design of the stamp and the color.
- Therefore, we recommend replacement of the driveway every 20 - 30 years.
- We suggest coordinating this to occur at the same time as other concrete work for best cost estimate.

Location: **Roundabout Island**

Quantity: **Approx. 1,230 GSF**

Life Expectancy: **30** *Remaining Life:* **13**

Best Cost: **\$19,700**

\$16/GSF; Estimate to replace

Worst Cost: **\$22,750**

Higher estimate for more labor

Source of Information: Cost Database

General Notes:

Comp #: 407 Curb and Gutters - Partial Replace



Observations:

- Since it is unlikely all surfaces will need to be replaced at the same time, we suggest establishing a Reserve fund to repair a percentage (approximately 600 GSF) of the area every 6 years.
- For best cost results, we suggest coordinating future repairs with other concrete work

Location: **Roundabout**

Quantity: **Approx. 3,865 GSF**

Life Expectancy: **6** Remaining Life: **1**

Best Cost: **\$7,500**

Estimate to repair 15% of area every 6 years

Worst Cost: **\$8,850**

Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

Roundabout islands - Approx. 1,520 GSF
Around main circle - Approx. 1,845 GSF

Drain pan in open space south of Venezia Way - Approx. 500 GSF

Comp #: 601 Concrete Flatwork - Partial Replace



Observations:

- It is unlikely all areas will fail and need to be replaced at the same time.
- Therefore, we set an allowance of 10% of the total area measured (350 GSF) to be repaired every 6 years.
- As the property continues to age, it is likely that the percentage of repairs will need to be adjusted in future Reserve Study updates.

Location: **Ends of cul de sacs, mailboxes**

Quantity: **Approx. 3,475 GSF**

Life Expectancy: **6** Remaining Life: **1**

Best Cost: **\$4,550**

Allowance to repair 5% of area every 5 years

Worst Cost: **\$5,100**

Higher allowance for more repairs (\$13.00/SF)

Source of Information: Cost Database

General Notes:

Aventura Way - Approx. 250 GSF
End of Bellagio - Approx. 275 GSF
Roundabout Island - Approx. 720 GSF
5649 Terracina Pl. - Approx. 1,000 GSF
5645 Maggiano - Approx. 480 GSF
5645 Venezia Way - Approx. 550 GSF
Mailbox locations - Approx. 200 GSF

Comp #: 603 Flagstone Pathways - Major Repairs



Observations:

- No unusual conditions observed.
- Due to small area, include funding along with "Groundcover - Replenish" line item (see component #1801)

Location: **Entrance monuments areas**

Quantity: **Approx. 225 GSF**

Life Expectancy: **N/A** *Remaining Life:*

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Comp #: 625 Breeze/Crushed Granite - Replenish



Observations:

- Due to the location of the paths, these paths will be subject to frequent wash outs and continual high maintenance requirements
- We recommend addressing these paths every 6 - 7 years with new material and cutting back the overgrown areas.
- Estimated cost also includes repairs and replacement of the metal edging. Current conditions are dangerous with sharp, rusted edges.

Location: **Roundabout Island**

General Notes:

Quantity: **Approx. 5,450 GSF**

Life Expectancy: **7** *Remaining Life:* **0**

Best Cost: **\$12,000**

\$2.20/GSF; Estimate to refurbish

Worst Cost: **\$13,625**

\$2.50/GSF; Higher estimate for more material

Source of Information: Cost Database

Comp #: 801 Monument - Refurbish



Observations:

- While the materials used should have an indefinite life expectancy, we recommend planning on renovating monument every 20 - 25 years to maintain current trends and an appropriate appearance.
- Remaining life is based on observed conditions and approximately age of all monuments.

Location: **Entrance off Bandera Parkway**

Quantity: **(2) Monument signs**

Life Expectancy: **24** **Remaining Life:** **9**

Best Cost: **\$6,000**

Allowance for general repairs

Worst Cost: **\$7,000**

Higher allowance for more renovations costs

Source of Information: Cost Database

General Notes:

Each Monument has:
Tile background - 4x8
lettering
bullnose border - Approx. 24 LF
(1) rock pit for water feature - 4x11
(3) "faucets"
(1) spotlight
Lettering only on wall at Bandera/Siena Intersection

Comp #: 803 Mailboxes - Replace



Observations:

- This line item is for the original mailboxes that were installed when construction of the community began.
- Per new Postal regulations effective 2012, "all customers are responsible for repairs and replacement of keys, locks, or the boxes/cluster units themselves".
- Based on our experience, these boxes will have a life expectancy of 15 - 20 years due to location and quality.
- Remaining life is based on age and observed condition.

Location: See general notes

Quantity: (10) Assorted CBU's

Life Expectancy: 20 **Remaining Life:** 5

Best Cost: \$19,000

\$1900/CBU; Estimate to replace

Worst Cost: \$23,000

\$2300/CBU; Higher estimate for better quality

Source of Information: Cost Database

General Notes:

2422 Ventana Cir - (1) 8 box CBU (07/05)
 2638 Ventana Cir - (1) 8 box CBU (03/07)
 2625 Ventana Cir - (1) 12 box CBU (03/07)
 Bellagio & Ventana - (1) 13 box CBU (12/06)
 Ventana - (1) 12 box CBU (03/07)
 5517 Maggiano - (1) 12 box CBU (06/05)
 5516 Terracina Pl. - (1) 12 box CBU (11/05)
 5649 Terracina Pl. - (1) 16 box CBU (11/05)
 5645 Maggiano - (1) 16 box CBU (07/05)
 5645 Venezia Way - (1) 16 box CBU (10/04)

Comp #: 1002 Aluminum Fencing - Replace



Observations:

- The average life expectancy for metal fences ranges between 25 - 35 years, depending on maintenance schedules and exposure to elements.
- The remaining life is based on age of fence and observed conditions.

Location: Along Bandera

Quantity: Approx. 245 LF

Life Expectancy: 35 Remaining Life: 20

Best Cost: \$14,700

\$60/LF; Estimate to replace

Worst Cost: \$17,150

\$70/LF: Higher estimate

Source of Information: Cost Database

General Notes:

Comp #: 1005 Concrete "Stone" Wall - Inspect/Major Repairs



Observations:

- There were approximately (9) 17' sections that has significant cracks that will require repairs to prevent further deterioration of the concrete materials.
- This type of fence is a prefabricated concrete molded fence that is manufactured off site, then brought to the community and installed in place. Once installed, the wall is then stained to give it the "Stone look"
- Concrete is subject to cracking, and if moisture is allowed to infiltrate into the wall, then due to freeze thaw conditions, the cracks could widen, which will result in frequent deterioration and repairs.
- Continue to monitor deterioration rates and adjust Useful Life as necessary in future updates.

Location: **Along Northers Ave.**

General Notes:

Quantity: **Approx. 1,015 LF**

Life Expectancy: **5** *Remaining Life:* **0**

Best Cost: **\$15,000**

Estimate for major repairs

Worst Cost: **\$17,000**

Higher estimate for more repairs

Source of Information: Cost Database

Comp #: 1012 Stucco Wall - Inspect/Repair



Observations:

- Visible cracks, and stucco coating beginning to bubble and separate from the main subsurface.
- Based on age of community and observed conditions, we recommend establishing Reserve funding for periodic inspections and repairs every 5 - 7 years.

Location: *Along perimeter of property*

Quantity: *Approx. 3,420 LF*

Life Expectancy: *6* Remaining Life: *0*

Best Cost: *\$14,550*

Estimate to inspect and repair

Worst Cost: *\$17,100*

Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

Along Bandera -
South of Venezia Way - Approx. 550 LF
From Venezia Way to Siena - Approx. 685 LF

Along Siena -
from Bandera to Ventana Cr - Approx. 425 LF
from Ventana Cir to west border - Approx. 875 LF

Comp #: 1013 Stonework - Major Repairs



Observations:

- Individual area is too small for separate Reserve designation.
- Repair on an as needed basis with general operating funds.

Location: **Monuments**

Quantity: **Approx. 270 GSF**

Life Expectancy: **N/A** *Remaining Life:*

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

**Stone accents on columns:
 Along Bandera - Approx. 215 GSF
 Along Sienna - Approx. 55 GSF**

Comp #: 1320 Concrete Pillars/Trellis - Major Repairs



Observations:

Location: **Roundabout Island**

Quantity: **(3) Structures**

Life Expectancy: **18** *Remaining Life:* **4**

Best Cost: **\$4,500**

Estimate to inspect and repair

Worst Cost: **\$5,400**

Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

**each structure has:
(6) 9' concrete columns
80 GSF of wood trellis
3 landscape uplights**

Comp #: 1603 Landscape Lights - Replace



Observations:

- No reported problems with lights. Most associations are converting to LED lights for better efficiency and improved lighting.
- The average replacement cycle for landscape lights ranges from 15 - 20 years.

Location: **Monument, trellis' in center circle**

Quantity: **(11) Lights**

Life Expectancy: **17** Remaining Life: **2**

Best Cost: **\$2,475**
\$225/light; Estimate to replace

Worst Cost: **\$3,025**
Higher estimate for better light

Source of Information: Cost Database

General Notes:

center circle trellis' - (3) each structure

monuments - 1 each monument

Comp #: 1701 Irrigation System - Major Repairs



Observations:

- Drip line system at entrance monuments
- This line item is for repairs and replacement that lies outside the scope of routine maintenance: bulk sprinkler head replacement, bulk valve replacement, rerouting lateral lines, rewiring, etc.
- In order to ensure the funds are available for major repairs, we recommend reserving funds for these projects every 5 - 8 years.
- The funding on this line item is for major repairs and is not to be interpreted as complete irrigation system replacement.

Location: **Landscaped areas**

Quantity: **Moderate system**

Life Expectancy: **7** *Remaining Life:* **3**

Best Cost: **\$6,000**

Estimate for major repairs and renovating system

Worst Cost: **\$7,500**

Higher estimate for more labor

Source of Information: Cost Database

General Notes:

Comp #: 1703 Irrigation Controllers - Replace



Observations:

- Expect to replace irrigation controllers every 15 - 18 years if properly maintained and under normal conditions.
- Funding is for replacement with a similar controller.
- Evapotranspiration (also known as ET) based controllers are also available, but cost significantly more. ET timers are more efficient and can be controlled remotely by landscaping experts, saving the association irrigation water costs.

Location: See general notes

Quantity: (3) Assorted controllers

Life Expectancy: 17 Remaining Life: 3

Best Cost: \$4,500

\$1500/controller; Estimate to replace with similar

Worst Cost: \$5,400

\$1800/controller; Higher estimate for upgrade

Source of Information: Cost Database

General Notes:

Southside of Bandera/Siena intersection - (1) Rainbird Controller ESP 16MC, July 14, 2006

Roundabout island - (1) Rainbird, ESP 12 MC, Aug 31, 2006

Aventura Way - (1) Rainbird, ESP 12 MC, date unknown, but expect it to be 2006 as well.

Comp #: 1706 Backflow Devices - Replace



Observations:

- All devices are enclosed in a protective cage to prevent theft. No reported problems with any of the devices.
- Due to the ability to rebuild and replace these devices for a relatively low cost and the fact that failure of the device is unpredictable, we do not recommend reserving for replacement.
- Repair and/or replace these devices/cages on an as needed basis using operating funds.

Location: **See general notes**

Quantity: **(3) Devices and cages**

Life Expectancy: **N/A** *Remaining Life:*

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

**Southside of Bandera/Siena intersection - (1)
Aventura Way - (1)
Roundabout island - (1)**

Comp #: 1801 Groundcover - Replenish



Observations:

- This line item, similar to irrigation repairs, is for projects that lie outside the scope of routine maintenance.
- In order to preserve an attractive curb appeal and to maintain the health of the plants and shrubs, we recommend reserving for refurbishment projects every 2 - 4 years.
- This line item is for cyclical refurbishment and should not be considered as complete landscaping replacement.

Location: Common areas

Quantity: Moderate area

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

Best Cost: \$5,500

Allowance for major replenishment

Worst Cost: \$6,000

Higher allowance for more material

Source of Information: Cost Database

General Notes:

**Entrances -
flagstone paths - Approx. 450 GSF**

Comp #: 1804 Tree - Replacement/Major Maintenance



Observations:

- It is very difficult to predict a replacement cycle for trees as there are several factors that will contribute to a tree dying.
- Factors such as disease, infestation of insects, heavy snow storms, etc. can all attribute to eventual tree replacement.
- Reserve an allowance for periodic replacement or major maintenance of trees every 6years

Location: **Common areas**

Quantity: **Numerous sizes and types**

Life Expectancy: **6** *Remaining Life:* **3**

Best Cost: **\$4,750**

Estimate for partial replacement

Worst Cost: **\$5,500**

Higher estimate for more replacement

Source of Information: Cost Database

General Notes:

Funding Summary For Ventana HOA

Beginning Assumptions

Financial Information Source	Research With Client
# of units	146
Fiscal Year End	December 31, 2020
Quarterly Dues from 2019 budget	\$8,627
Quarterly Reserve Allocation from 2019 Budget	\$0.00
Projected Starting Reserve Balance (as of 1/1/2020)	\$29,600
Reserve Balance: Average Per Unit	\$203
Ideal Starting Reserve Balance (as of 1/1/2020)	\$152,540
Ideal Reserve Balance: Average Per Unit	\$1,045

Economic Factors

Past 20 year Average Inflation Rate (Based on CCI)	3.75%
Current Average Interest Rate	1.00%

Current Reserve Status

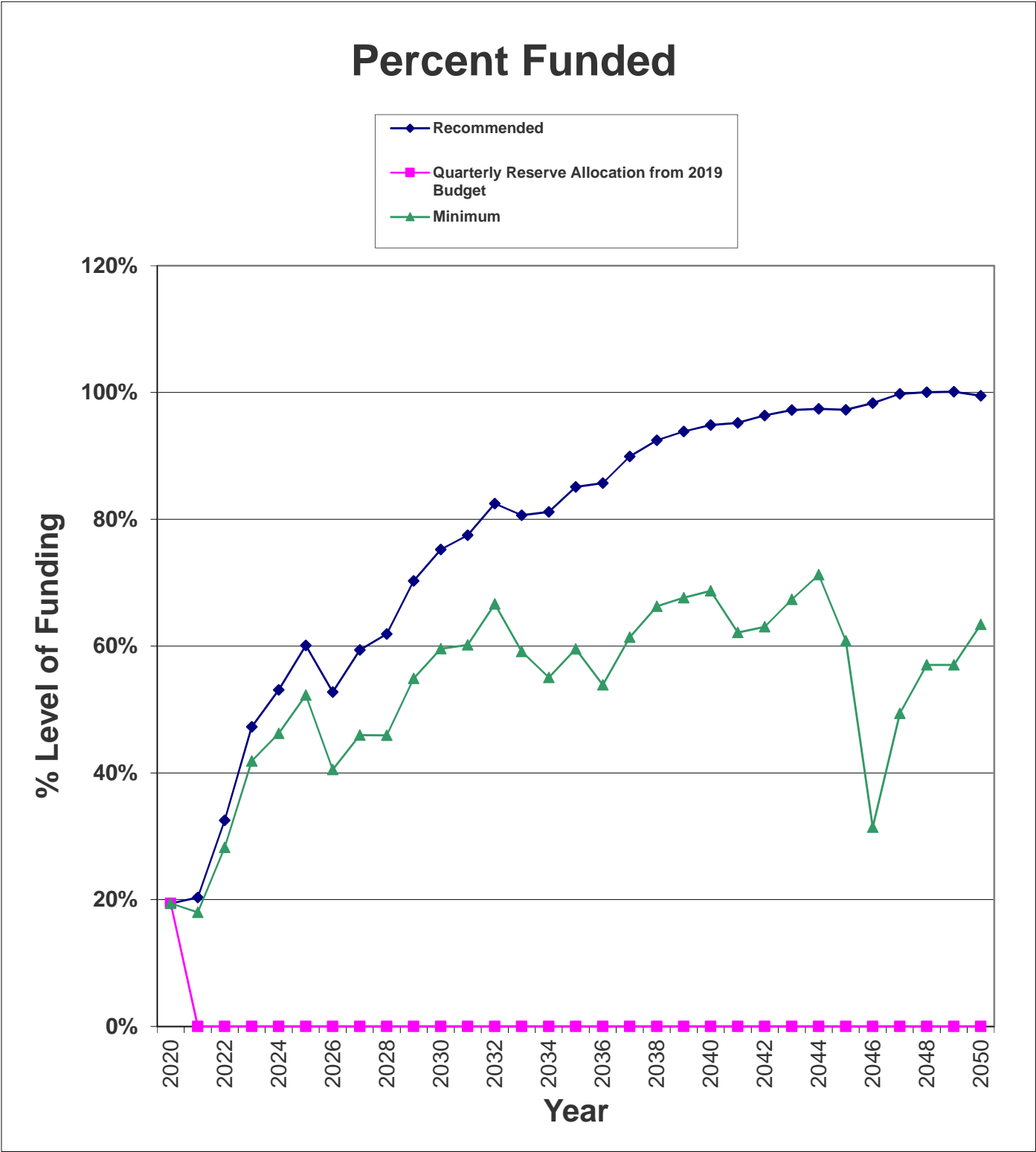
Current Balance as a % of Ideal Balance	19%
---	-----

Recommendations for 2020 Fiscal Year

Quarterly Reserve Allocation	\$6,990
Per Unit	\$47.88
Minimum Quarterly Reserve Allocation	\$6,420
Per Unit	\$43.97
Primary Annual Increases	3.00%
# of Years	30
Special Assessment	\$40,500
Per Unit	\$277

Changes From Prior Year (2019 to 2020)

Increase/Decrease to Reserve Allocation	\$6,990
as Percentage	0%
Average Per Unit	\$47.88



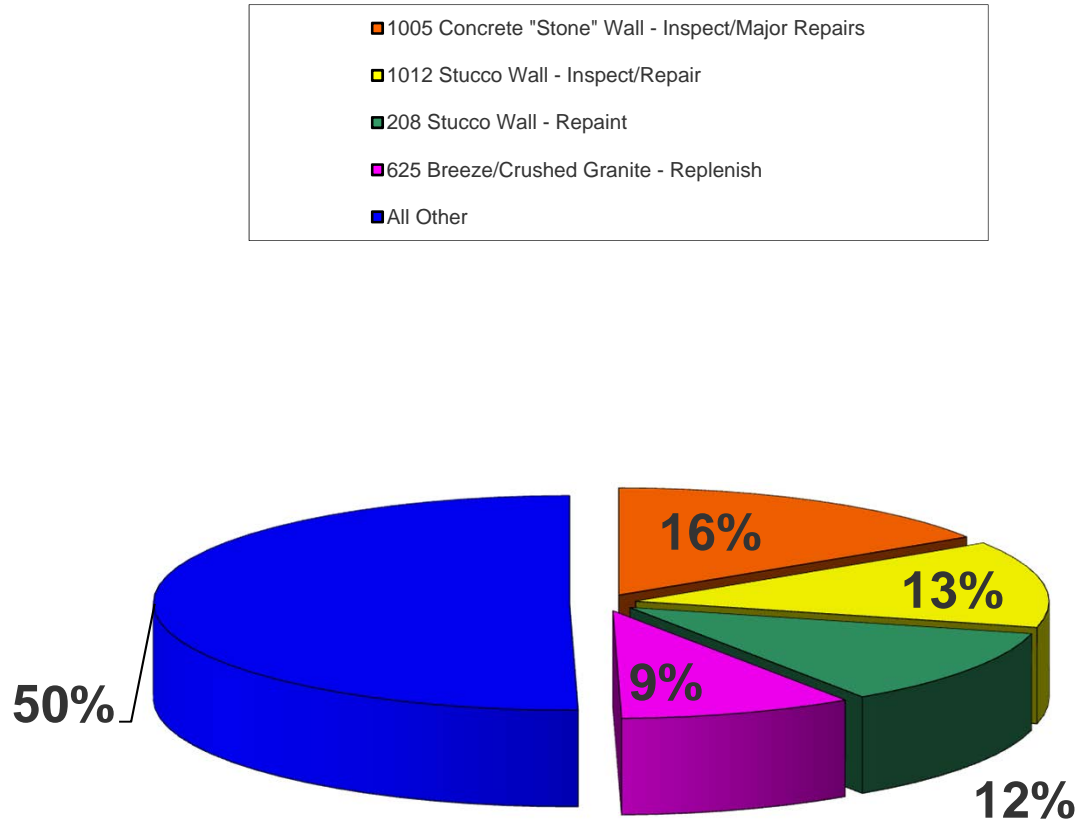
Component Inventory for Ventana HOA

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Painted Surfaces	208	Concrete "Stone" Wall - Stain	10	5	\$14,725	\$15,750
	208	Stucco Wall - Repaint	12	0	\$25,975	\$30,550
Drive Materials	405	Stamped Concrete - Repair/Replace	30	13	\$19,700	\$22,750
	407	Curb and Gutters - Partial Replace	6	1	\$7,500	\$8,850
Walking Surfaces	601	Concrete Flatwork - Partial Replace	6	1	\$4,550	\$5,100
	603	Flagstone Pathways - Major Repairs	N/A		\$0	\$0
	625	Breeze/Crushed Granite - Replenish	7	0	\$12,000	\$13,625
Prop. Identification	801	Monument - Refurbish	24	9	\$6,000	\$7,000
	803	Mailboxes - Replace	20	5	\$19,000	\$23,000
Fencing/Walls	1002	Aluminum Fencing - Replace	35	20	\$14,700	\$17,150
	1005	Concrete "Stone" Wall - Inspect/Major R	5	0	\$15,000	\$17,000
	1012	Stucco Wall - Inspect/Repair	6	0	\$14,550	\$17,100
	1013	Stonework - Major Repairs	N/A		\$0	\$0
Recreation Equip.	1320	Concrete Pillars/Trellis - Major Repairs	18	4	\$4,500	\$5,400
Light Fixtures	1603	Landscape Lights - Replace	17	2	\$2,475	\$3,025
Irrig. System	1701	Irrigation System - Major Repairs	7	3	\$6,000	\$7,500
	1703	Irrigation Controllers - Replace	17	3	\$4,500	\$5,400
	1706	Backflow Devices - Replace	N/A		\$0	\$0
Landscaping	1801	Groundcover - Replenish	4	0	\$5,500	\$6,000
	1804	Tree - Replacement/Major Maintenance	6	3	\$4,750	\$5,500

Significant Components For Ventana HOA

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
208	Concrete "Stone" Wall - Stain	10	5	\$15,238	\$1,524	7.5505%
208	Stucco Wall - Repaint	12	0	\$28,263	\$2,355	11.6706%
405	Stamped Concrete - Repair/Replace	30	13	\$21,225	\$708	3.5058%
407	Curb and Gutters - Partial Replace	6	1	\$8,175	\$1,363	6.7515%
601	Concrete Flatwork - Partial Replace	6	1	\$4,825	\$804	3.9848%
625	Breeze/Crushed Granite - Replenish	7	0	\$12,813	\$1,830	9.0698%
801	Monument - Refurbish	24	9	\$6,500	\$271	1.3420%
803	Mailboxes - Replace	20	5	\$21,000	\$1,050	5.2030%
1002	Aluminum Fencing - Replace	35	20	\$15,925	\$455	2.2546%
1005	Concrete "Stone" Wall - Inspect/Major Repa	5	0	\$16,000	\$3,200	15.8567%
1012	Stucco Wall - Inspect/Repair	6	0	\$15,825	\$2,638	13.0694%
1320	Concrete Pillars/Trellis - Major Repairs	18	4	\$4,950	\$275	1.3627%
1603	Landscape Lights - Replace	17	2	\$2,750	\$162	0.8016%
1701	Irrigation System - Major Repairs	7	3	\$6,750	\$964	4.7783%
1703	Irrigation Controllers - Replace	17	3	\$4,950	\$291	1.4428%
1801	Groundcover - Replenish	4	0	\$5,750	\$1,438	7.1231%
1804	Tree - Replacement/Major Maintenance	6	3	\$5,125	\$854	4.2326%

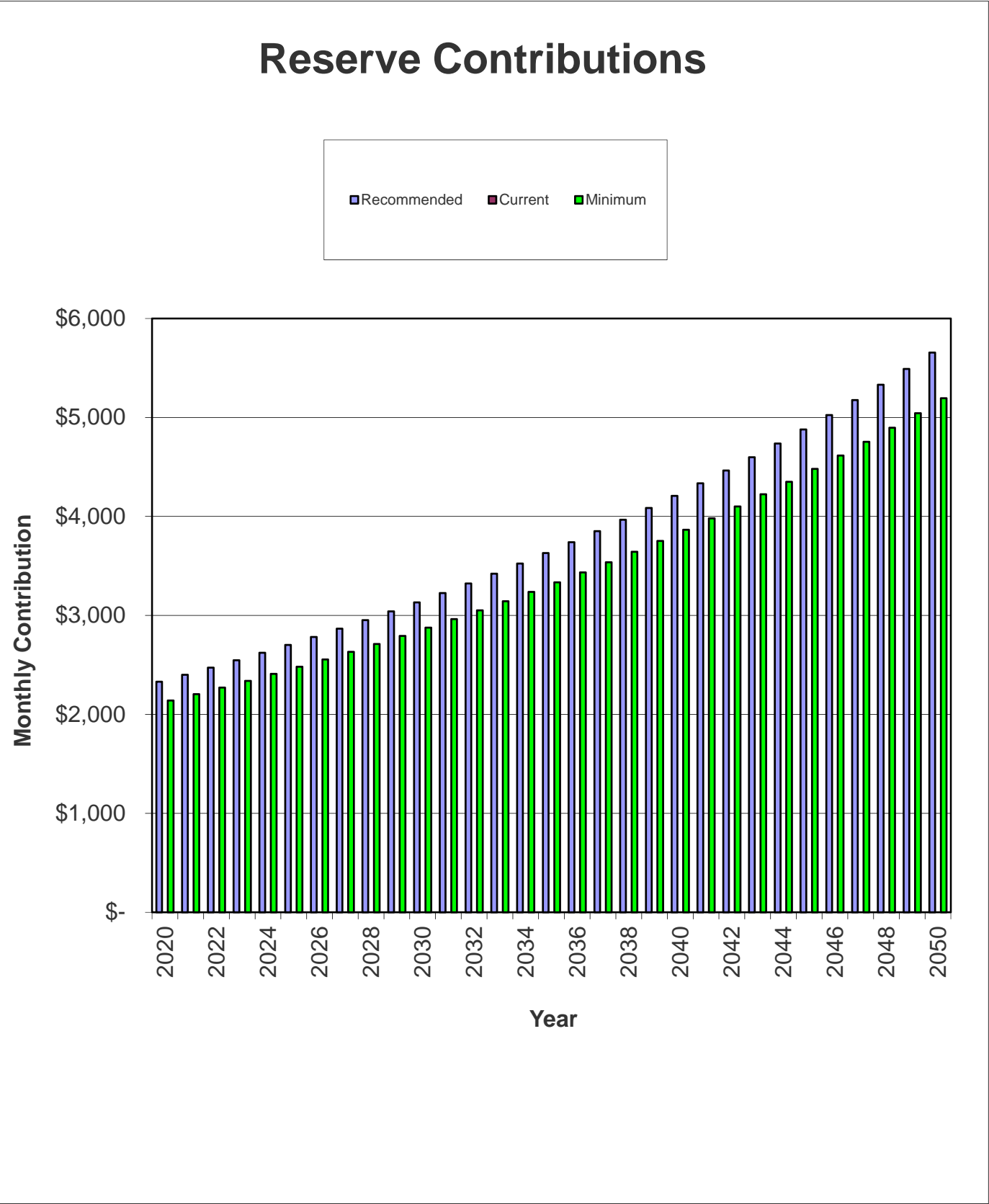
Significant Components Graph For Ventana HOA



Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
1005	Concrete "Stone" Wall - Inspect/Major F	5	0	\$16,000	\$3,200	16%
1012	Stucco Wall - Inspect/Repair	6	0	\$15,825	\$2,638	13%
208	Stucco Wall - Repaint	12	0	\$28,263	\$2,355	12%
625	Breeze/Crushed Granite - Replenish	7	0	\$12,813	\$1,830	9%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$10,158	50%

Yearly Summary For Ventana HOA

Fiscal Year Start	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2020	\$152,540	\$29,600	19%	\$27,960	\$40,500	\$450	\$78,650
2021	\$97,598	\$19,860	20%	\$28,799	\$0	\$276	\$13,488
2022	\$108,987	\$35,447	33%	\$29,663	\$0	\$490	\$2,960
2023	\$132,540	\$62,640	47%	\$30,553	\$0	\$688	\$18,790
2024	\$141,399	\$75,092	53%	\$31,469	\$0	\$850	\$12,398
2025	\$158,098	\$95,013	60%	\$32,413	\$0	\$802	\$62,795
2026	\$124,046	\$65,434	53%	\$33,386	\$0	\$726	\$19,737
2027	\$134,334	\$79,809	59%	\$34,387	\$0	\$807	\$33,400
2028	\$131,811	\$81,603	62%	\$35,419	\$0	\$959	\$7,719
2029	\$156,853	\$110,261	70%	\$36,481	\$0	\$1,210	\$16,191
2030	\$175,099	\$131,761	75%	\$37,576	\$0	\$1,347	\$32,875
2031	\$177,813	\$137,809	78%	\$38,703	\$0	\$1,579	\$0
2032	\$215,871	\$178,091	82%	\$39,864	\$0	\$1,600	\$77,520
2033	\$176,106	\$142,036	81%	\$41,060	\$0	\$1,356	\$55,232
2034	\$159,196	\$129,220	81%	\$42,292	\$0	\$1,403	\$21,452
2035	\$177,965	\$151,463	85%	\$43,561	\$0	\$1,423	\$63,165
2036	\$155,476	\$133,282	86%	\$44,868	\$0	\$1,512	\$10,363
2037	\$188,289	\$169,299	90%	\$46,214	\$0	\$1,870	\$12,621
2038	\$221,404	\$204,761	92%	\$47,600	\$0	\$2,142	\$30,699
2039	\$238,473	\$223,803	94%	\$49,028	\$0	\$2,335	\$31,700
2040	\$256,668	\$243,467	95%	\$50,499	\$0	\$2,252	\$89,007
2041	\$217,668	\$207,211	95%	\$52,014	\$0	\$2,148	\$38,861
2042	\$230,873	\$222,512	96%	\$53,574	\$0	\$2,449	\$11,126
2043	\$275,049	\$267,408	97%	\$55,181	\$0	\$2,964	\$0
2044	\$334,189	\$325,553	97%	\$56,837	\$0	\$2,868	\$136,910
2045	\$255,334	\$248,349	97%	\$58,542	\$0	\$1,966	\$163,757
2046	\$147,568	\$145,100	98%	\$60,298	\$0	\$1,761	\$0
2047	\$207,629	\$207,159	100%	\$62,107	\$0	\$2,324	\$13,848
2048	\$257,620	\$257,742	100%	\$63,970	\$0	\$2,649	\$52,036
2049	\$271,988	\$272,326	100%	\$65,890	\$0	\$3,067	\$0



Component Funding Information For Ventana HOA

ID	Component Name	Ave Current Cost	Ideal Balance	Current Fund Balance	Monthly
208	Concrete "Stone" Wall - Stain	\$15,238	\$7,619	\$0	\$175.93
208	Stucco Wall - Repaint	\$28,263	\$28,263	\$28,263	\$271.92
405	Stamped Concrete - Repair/Replace	\$21,225	\$12,028	\$0	\$81.69
407	Curb and Gutters - Partial Replace	\$8,175	\$6,813	\$0	\$157.31
601	Concrete Flatwork - Partial Replace	\$4,825	\$4,021	\$0	\$92.85
625	Breeze/Crushed Granite - Replenish	\$12,813	\$12,813	\$1,338	\$211.33
801	Monument - Refurbish	\$6,500	\$4,063	\$0	\$31.27
803	Mailboxes - Replace	\$21,000	\$15,750	\$0	\$121.23
1002	Aluminum Fencing - Replace	\$15,925	\$6,825	\$0	\$52.53
1005	Concrete "Stone" Wall - Inspect/Major Repairs	\$16,000	\$16,000	\$0	\$369.46
1012	Stucco Wall - Inspect/Repair	\$15,825	\$15,825	\$0	\$304.52
1320	Concrete Pillars/Trellis - Major Repairs	\$4,950	\$3,850	\$0	\$31.75
1603	Landscape Lights - Replace	\$2,750	\$2,426	\$0	\$18.68
1701	Irrigation System - Major Repairs	\$6,750	\$3,857	\$0	\$111.33
1703	Irrigation Controllers - Replace	\$4,950	\$4,076	\$0	\$33.62
1801	Groundcover - Replenish	\$5,750	\$5,750	\$0	\$165.97
1804	Tree - Replacement/Major Maintenance	\$5,125	\$2,563	\$0	\$98.62

Yearly Cash Flow For Ventana HOA

Year	2020	2021	2022	2023	2024
Starting Balance	\$29,600	\$19,860	\$35,447	\$62,640	\$75,092
<i>Reserve Income</i>	\$27,960	\$28,799	\$29,663	\$30,553	\$31,469
<i>Interest Earnings</i>	\$450	\$276	\$490	\$688	\$850
<i>Special Assessments</i>	\$40,500	\$0	\$0	\$0	\$0
Funds Available	\$98,510	\$48,935	\$65,600	\$93,881	\$107,411
Reserve Expenditures	\$78,650	\$13,488	\$2,960	\$18,790	\$12,398
Ending Balance	\$19,860	\$35,447	\$62,640	\$75,092	\$95,013

Year	2025	2026	2027	2028	2029
Starting Balance	\$95,013	\$65,434	\$79,809	\$81,603	\$110,261
<i>Reserve Income</i>	\$32,413	\$33,386	\$34,387	\$35,419	\$36,481
<i>Interest Earnings</i>	\$802	\$726	\$807	\$959	\$1,210
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$128,229	\$99,545	\$115,003	\$117,981	\$147,952
Reserve Expenditures	\$62,795	\$19,737	\$33,400	\$7,719	\$16,191
Ending Balance	\$65,434	\$79,809	\$81,603	\$110,261	\$131,761

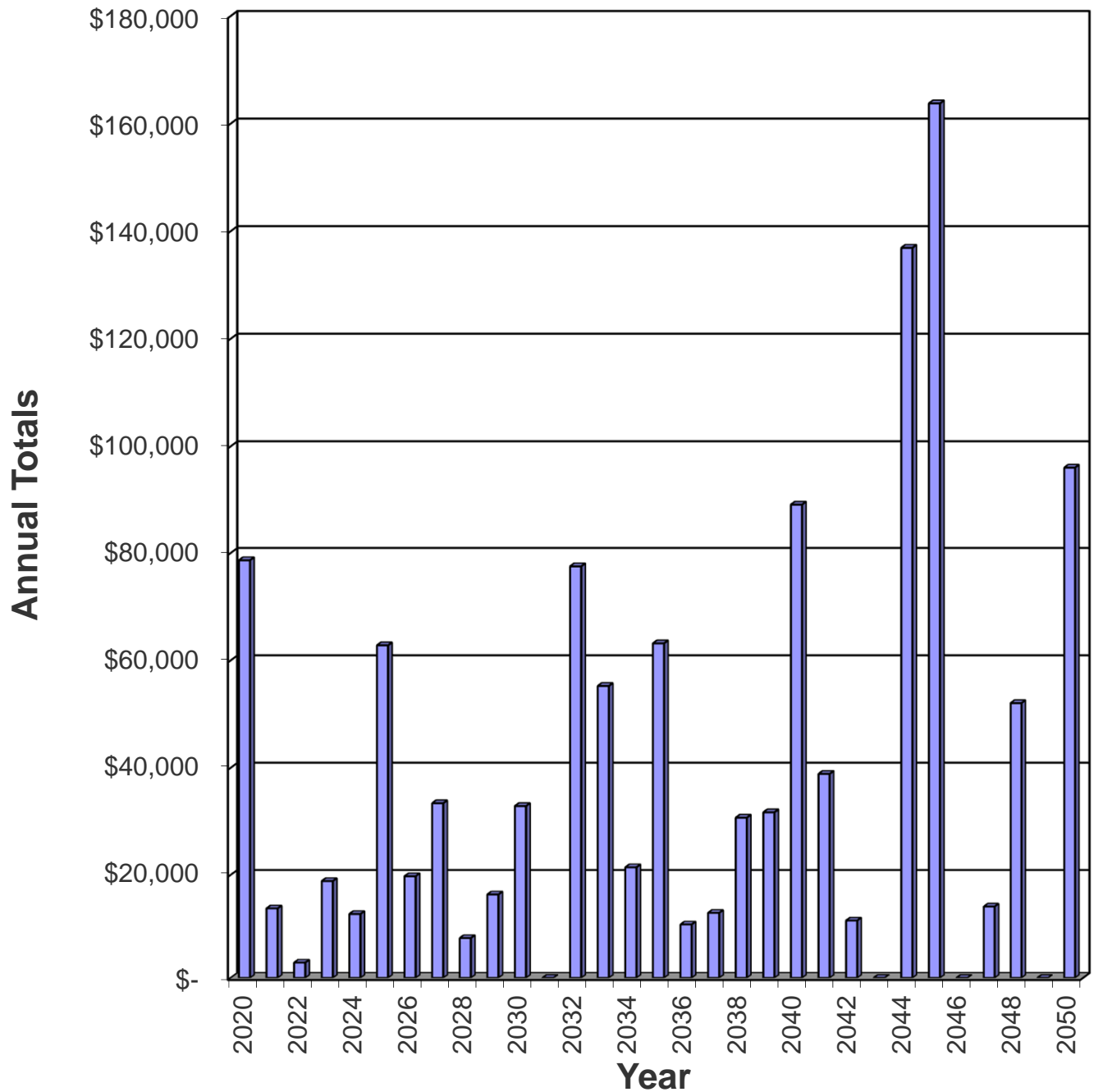
Year	2030	2031	2032	2033	2034
Starting Balance	\$131,761	\$137,809	\$178,091	\$142,036	\$129,220
<i>Reserve Income</i>	\$37,576	\$38,703	\$39,864	\$41,060	\$42,292
<i>Interest Earnings</i>	\$1,347	\$1,579	\$1,600	\$1,356	\$1,403
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$170,684	\$178,091	\$219,556	\$184,452	\$172,915
Reserve Expenditures	\$32,875	\$0	\$77,520	\$55,232	\$21,452
Ending Balance	\$137,809	\$178,091	\$142,036	\$129,220	\$151,463

Year	2035	2036	2037	2038	2039
Starting Balance	\$151,463	\$133,282	\$169,299	\$204,761	\$223,803
<i>Reserve Income</i>	\$43,561	\$44,868	\$46,214	\$47,600	\$49,028
<i>Interest Earnings</i>	\$1,423	\$1,512	\$1,870	\$2,142	\$2,335
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$196,447	\$179,662	\$217,382	\$254,503	\$275,167
Reserve Expenditures	\$63,165	\$10,363	\$12,621	\$30,699	\$31,700
Ending Balance	\$133,282	\$169,299	\$204,761	\$223,803	\$243,467

Year	2040	2041	2042	2043	2044
Starting Balance	\$243,467	\$207,211	\$222,512	\$267,408	\$325,553
<i>Reserve Income</i>	\$50,499	\$52,014	\$53,574	\$55,181	\$56,837
<i>Interest Earnings</i>	\$2,252	\$2,148	\$2,449	\$2,964	\$2,868
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$296,218	\$261,372	\$278,534	\$325,553	\$385,259
Reserve Expenditures	\$89,007	\$38,861	\$11,126	\$0	\$136,910
Ending Balance	\$207,211	\$222,512	\$267,408	\$325,553	\$248,349

Year	2045	2046	2047	2048	2049
Starting Balance	\$248,349	\$145,100	\$207,159	\$257,742	\$272,326
<i>Reserve Income</i>	\$58,542	\$60,298	\$62,107	\$63,970	\$65,890
<i>Interest Earnings</i>	\$1,966	\$1,761	\$2,324	\$2,649	\$3,067
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$308,857	\$207,159	\$271,590	\$324,362	\$341,282
Reserve Expenditures	\$163,757	\$0	\$13,848	\$52,036	\$0
Ending Balance	\$145,100	\$207,159	\$257,742	\$272,326	\$341,282

Reserve Expenditures



Projected Reserve Expenditures For Ventana HOA

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2020	208	Stucco Wall - Repaint	\$28,263	
	625	Breeze/Crushed Granite - Replenish	\$12,813	
	1005	Concrete "Stone" Wall - Inspect/Major Repairs	\$16,000	
	1012	Stucco Wall - Inspect/Repair	\$15,825	
	1801	Groundcover - Replenish	\$5,750	\$78,650
2021	407	Curb and Gutters - Partial Replace	\$8,482	
	601	Concrete Flatwork - Partial Replace	\$5,006	\$13,488
2022	1603	Landscape Lights - Replace	\$2,960	\$2,960
2023	1701	Irrigation System - Major Repairs	\$7,538	
	1703	Irrigation Controllers - Replace	\$5,528	
	1804	Tree - Replacement/Major Maintenance	\$5,723	\$18,790
2024	1320	Concrete Pillars/Trellis - Major Repairs	\$5,735	
	1801	Groundcover - Replenish	\$6,662	\$12,398
2025	208	Concrete "Stone" Wall - Stain	\$18,317	
	803	Mailboxes - Replace	\$25,244	
	1005	Concrete "Stone" Wall - Inspect/Major Repairs	\$19,234	\$62,795
2026	1012	Stucco Wall - Inspect/Repair	\$19,737	\$19,737
2027	407	Curb and Gutters - Partial Replace	\$10,578	
	601	Concrete Flatwork - Partial Replace	\$6,243	
	625	Breeze/Crushed Granite - Replenish	\$16,579	\$33,400
2028	1801	Groundcover - Replenish	\$7,719	\$7,719
2029	801	Monument - Refurbish	\$9,053	
	1804	Tree - Replacement/Major Maintenance	\$7,138	\$16,191
2030	1005	Concrete "Stone" Wall - Inspect/Major Repairs	\$23,121	
	1701	Irrigation System - Major Repairs	\$9,754	\$32,875
2031		No Expenditures Projected		\$0
2032	208	Stucco Wall - Repaint	\$43,961	
	1012	Stucco Wall - Inspect/Repair	\$24,615	
	1801	Groundcover - Replenish	\$8,944	\$77,520
2033	405	Stamped Concrete - Repair/Replace	\$34,253	
	407	Curb and Gutters - Partial Replace	\$13,193	
	601	Concrete Flatwork - Partial Replace	\$7,787	\$55,232
2034	625	Breeze/Crushed Granite - Replenish	\$21,452	\$21,452
2035	208	Concrete "Stone" Wall - Stain	\$26,469	
	1005	Concrete "Stone" Wall - Inspect/Major Repairs	\$27,793	
	1804	Tree - Replacement/Major Maintenance	\$8,903	\$63,165
2036	1801	Groundcover - Replenish	\$10,363	\$10,363
2037	1701	Irrigation System - Major Repairs	\$12,621	\$12,621
2038	1012	Stucco Wall - Inspect/Repair	\$30,699	\$30,699
2039	407	Curb and Gutters - Partial Replace	\$16,454	
	601	Concrete Flatwork - Partial Replace	\$9,711	
	1603	Landscape Lights - Replace	\$5,535	\$31,700
2040	1002	Aluminum Fencing - Replace	\$33,254	
	1005	Concrete "Stone" Wall - Inspect/Major Repairs	\$33,410	
	1703	Irrigation Controllers - Replace	\$10,336	
	1801	Groundcover - Replenish	\$12,007	\$89,007
2041	625	Breeze/Crushed Granite - Replenish	\$27,758	
	1804	Tree - Replacement/Major Maintenance	\$11,103	\$38,861
2042	1320	Concrete Pillars/Trellis - Major Repairs	\$11,126	\$11,126
2043		No Expenditures Projected		\$0
2044	208	Stucco Wall - Repaint	\$68,379	
	1012	Stucco Wall - Inspect/Repair	\$38,288	
	1701	Irrigation System - Major Repairs	\$16,331	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	1801	Groundcover - Replenish	\$13,912	\$136,910
2045	208	Concrete "Stone" Wall - Stain	\$38,249	
	407	Curb and Gutters - Partial Replace	\$20,521	
	601	Concrete Flatwork - Partial Replace	\$12,112	
	803	Mailboxes - Replace	\$52,714	
	1005	Concrete "Stone" Wall - Inspect/Major Repairs	\$40,163	\$163,757
2046		No Expenditures Projected		\$0
2047	1804	Tree - Replacement/Major Maintenance	\$13,848	\$13,848
2048	625	Breeze/Crushed Granite - Replenish	\$35,917	
	1801	Groundcover - Replenish	\$16,119	\$52,036
2049		No Expenditures Projected		\$0
2050	1005	Concrete "Stone" Wall - Inspect/Major Repairs	\$48,280	
	1012	Stucco Wall - Inspect/Repair	\$47,751	\$96,031

Glossary of Commonly used Words and Phrases (provided by the National Reserve Study Standards of the Community Associations Institute)

Asset or Component – Individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association Responsibility, 2) with limited Useful Life expectancies, 3) have predictable Remaining Life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

Cash Flow Method – A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

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

Deficit – An actual (or projected) Reserve Balance, which is less than the Fully Funded Balance.

Effective Age – The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

Financial Analysis – The portion of the Reserve Study where current status of the Reserves (Measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of the Reserve Study.

Component Full Funding – When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

Fully Fund Balance (aka – Ideal Balance) – An indicator against which Actual (or projected) Reserve Balance can be compared. The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, and then summed together for an association total.

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

Fund Status – The status of the Reserve Fund as compared to an established benchmark, such as percent funding.

Funding Goals – Independent of methodology utilized, the following represent the basic categories of Funding Plan Goals.

- **Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve Balance above zero.
- **Component Full Funding:** Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100% funded.
- **Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than the “Component Fully Funding” method.

Funding Plan – An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

Funding Principles –

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

Life and Valuation Estimates – The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

Percent Funded – The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual* (or *projected*) Reserve Balance to the accrued *Fund Balance*, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) – Also referred to as “Remaining Life” (RL). The estimated time, in years, that a reserve component can be expected to *continue* to serve its intended function. Projects anticipated to occur in the initial year have “0” Remaining Useful Life.

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

Reserve Balance – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components in which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. This is based upon information provided and is not audited.

Reserve Provider – An individual that prepares Reserve Studies. Also known as **Aspen Reserve Specialties**.

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

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

Surplus – An actual (or projected) Reserve Balance that is greater than the Fully Funded Balance.

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