Soaring Hawk Hideout

Level 3 Reserve Study

Report Period – 01/01/2025 – 12/31/2025

Client Reference Number	18311
Property Type	Single Family Homes
Number of Units	153
Fiscal Year End	12/31

Type of Study	Update No Site Visit
Date of Property Inspection	N/A
Prepared By	Dale Gifford
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on – Friday, April 19, 2024

COMPLEX SOLUTIONS, LTD.

TEL: (888) 356-3783 | Fax: (866) 279-9662
WWW.COMPLEXSOLUTIONSLTD.COM

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Glossary of Commonly used Words and Phrases

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Executive Summary – Soaring Hawk Hideout - ID # 18311

Information to complete a Level 1, and Level 2 Reserve Study was gathered by performing an in-person site visit of the community. Information to complete the Level 1, Level 2, and Level 3 Reserve Study was gathered by researching the expenditures of the community with the client. In addition, we may have also obtained information by contacting vendors and/or contractors that have worked with the community. To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate as far as the information obtained from these sources.

Projected Starting Balance as of 01/01/2025	**$149,500**
Ideal Reserve Balance as of 01/01/2025	**$6,500**
Percent Funded as of 01/01/2025	**2300%**
Recommended Reserve Contribution (per month)	**$0**
Recommended Special Assessment 2025	**$0**

Soaring Hawk Hideout is a 153-unit Single Family Home community. The community offers a park and trail system as amenities. Construction on the community is on-going.

Currently Programmed Projects
There are no projects programmed to occur this fiscal year (FY2025). (See page 15)

Significant Reserve Projects
The association's significant reserve projects are entrance light fixtures replace (Comp# 1609), park improvements (Comp# 1812), and monument sign replace (Comp# 801). The fiscal significance of these components is approximately 46%, 42%, and 12% respectively (see page 9). A component's significance is calculated by dividing its replacement cost by its useful life. In this way, not only is a component's replacement cost considered but also the frequency of occurrence. These components most significantly contribute to the total monthly reserve contribution. As these components have a high level of fiscal significance the association should properly maintain them to ensure they reach their full useful lives.

Reserve Funding
In comparing the projected starting reserve balance of $149,500 versus the ideal reserve balance of $6,500 we find the association's reserve fund to be approximately 2300% funded. This indicates a strong reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of $0 ($ .00/unit) per month. If the contribution falls below this rate, then the reserve fund may fall into a situation where special assessments, deferred maintenance, and lower property values are likely at some point in the future.

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Introduction

Reserve Study Purpose
The purpose of this Reserve Study is to provide the Association with a budgeting tool to help ensure that there are adequate reserve funds available to perform future reserve projects. The detailed schedules will serve as an advance warning that major projects will need to be addressed in the future. This will allow the Association to have ample time to obtain competitive bids for each project. It will also help to ensure the physical well-being of the property and enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to special assessments.

Preparer's Credentials
Mr. Gifford has been working in the community association industry since 2002. Prior to taking a position as the Regional Project Manager covering the Utah region, at Complex Solutions in 2010, he worked in community association management in Utah. While in community association management his positions included, Maintenance Supervisor, Senior Portfolio Manager and Vice President of Community Management. His work in community association management gave him experience with budget creation, reserves and reserve budgeting, community inspections, and analyzing common area components.

- Bachelor of Science in Chemistry from Emporia State University.
- Personally, has prepared over 2,500 reserve studies in Utah.
- Member of the Association of Professional Reserve Analysts (APRA).
- Professional Reserve Analyst (PRA) designation from Association of Professional Reserve Analysts (APRA), PRA #2320.
- Member of the Utah Chapter of Community Associations Institute (UCCAI). Former Board member, and former Utah Chapter President.
- Reserve Specialist (RS) designation from Community Associations Institute (CAI), RS# 231.
- Professional Community Association Manager® (PCAM®) designation from Community Associations Institute (CAI), PCAM# 1740.
- Association Management Specialist® (AMS®) designation from Community Associations Institute (CAI).
- Recipient of Community Associations Institute's (CAI) annual award of Excellence in Chapter Leadership for service and achievement in 2010.
- Member of the CAI Utah Legislative Action Committee.

Budget Breakdown
Every association conducts their business within a budget. There are typically two main parts to this budget, the Operating budget, and the Reserve budget. The operating budget includes all expenses that occur on an annual basis as well as general maintenance and repairs. Typical operating budget line items include management fees, maintenance expenses, utilities, etc. The reserve budget is primarily made up of replacement items such as roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

Report Sections
Reserve Analysis: this section contains the evaluation of the association's reserve balance, income, and expenses. It includes a finding of the client's current reserve fund status (measured as percent funded) and a recommendation for an appropriate reserve allocation rate (also known as the funding plan).
Component Evaluation: this section contains information regarding the physical status and replacement cost of reserve components 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 estimates will vary from year to year.

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General Information and Frequently Asked Questions

Is it the law to have a Reserve Study conducted?
The Government requires a reserve study in approximately twenty states. Also, the Association's governing documents may require a reserve fund to be established. This does not mean a Reserve Study is required, but how are you going to know if you have enough money in the reserve fund if you do not have the proper information?

Why is it important to perform a Reserve Study?
This report provides the essential information that is needed to guide the Association in establishing the reserve portion of the total monthly assessment. The reserve fund is critical to the future of the association because it helps ensure that reserve projects can be completed on time. When projects are completed on time, deferred maintenance and the lower property values that typically accompany it can be avoided. It is suggested that a third party professionally prepare the Reserve Analysis Study since there is no vested interest in the property.

After we have a Reserve Study, what do we do with it?
Please take the time to review the report carefully and make sure the component information is complete and accurate. If there are any inaccuracies, or changes such as a component that the association feels should be added, removed, or altered, please inform us immediately so we may revise the report. Use the report to help establish your budget for the upcoming fiscal year.

How often do we review and update our Reserve Study?
There is a misconception that a Reserve Study is good for an extended period since the report has projections for a thirty-year period. The assumptions, interest rates, inflation rates and other information used to create this report change each year. Scheduled events may not happen, unpredictable circumstances could occur, deterioration rates can be unpredictable and repair/replacement costs will vary from causes that are unforeseen. These variations alter the results of the Reserve Study. The Reserve Study should be professionally reviewed each year by having a Level III "no site visit" update reserve study performed. The Reserve Study should be professionally updated every three years by having a Level II "site visit" update reserve study performed.

What is a "Reserve Component" versus an "Operating Component"?
A "Reserve" component is an item that is the responsibility of the association to maintain, has a limited useful life, predictable remaining useful life, typically occurs on a cyclical basis that exceeds one year, and costs above a minimum threshold amount. An "Operating" component is typically a fixed expense that occurs on an annual basis.

What are the GREY areas of "maintenance" items that are often seen in a Reserve Study?
One of the most frequently asked 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, it cannot be considered a reserve component. However, it is the opinion of several major Reserve Study providers, including Complex Solutions, that these components meet the criteria of a reserve component.

Information and Data Gathered:
The information contained in this report is based on estimates and assumptions gathered from various sources. Estimated life expectancies are based upon conditions that were readily visible and accessible at the time of the site visit. While every effort has been made to ensure accurate results, this report reflects the judgment of Complex Solutions Ltd. and should not be construed as a guarantee or assurance of predicting future events.

What happens during the Site Visit?
During the site visit we identified the common area components that we have determined require reserve funding. These components are quantified, and a physical condition is observed. The site visit is conducted on the common areas as reported by the client.

What is the Financial Analysis?
We project the starting balance by taking the most recent reserve fund balance as stated by the client and add expected reserve contributions to the end of the fiscal year. We then subtract the expenses of any pending projects. We compare this number to the Fully Funded Balance and arrive at the Percent Funded level. Based on that level of funding we then recommend a Funding Plan to help ensure the adequacy of funding in the future.

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Measures of reserve fund financial strength are as follows:

0% - 30% Funded is considered a “weak” financial position. Associations that fall into this category are more likely to have special assessments and deferred maintenance. Action should be taken to improve the financial strength of the reserve fund.

31% - 69% Funded is considered a “fair” financial position. Associations that fall into this category are less likely to experience special assessments and deferred maintenance than being in a weak financial position. Action should be taken to improve the financial strength of the reserve fund.

70% - 99% Funded is considered a “strong” financial position. Associations that fall into this category are less likely to experience special assessments and deferred maintenance than being in a fair financial position. Action should be taken to improve the financial strength of the reserve fund.

100% Funded is considered an “ideal” financial position. Action should be taken to maintain the financial strength of the reserve fund.

Disclosures:

Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative, or reserve project issues will be deemed reliable by the preparer. A reserve study will reflect information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study, or a background check of historical records. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

The results of this study are based on the independent opinion of the preparer and his experience and research during his career in preparing Reserve Studies. In addition, the opinions of experts on certain components have been gathered through research within their industry and with client’s actual vendors. There is no implied warrantee or guarantee regarding our life and cost estimates/predictions. There is no implied warrantee or guarantee on any of our work products. Our results and findings will vary from another preparer’s results and findings. A Reserve Study is necessarily a work in progress and subsequent Reserve Studies will vary from prior studies.

The projected life expectancy of the reserve components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each component. Failure to perform such maintenance can negatively impact the remaining useful life of the component and dramatically increase the funding needs of the reserves of the association.

This Reserve Study assumes that all construction assemblies and components identified herein are built properly and are free from defects in materials and/or workmanship. Defects can lead to reduced useful life and premature failure. It was not the intent of this Reserve Study to inspect for or to identify defects. If defects exist, repairs should be made so that the construction components and assemblies at the community reach the full and expected useful lives.

Site Visits: Should a site visit have been performed during the preparation of this reserve study, no invasive testing was performed. The physical analysis performed during the site visit was not intended to be exhaustive in nature and may have included representative sampling. Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the site visit. We have assumed all components have been properly built and will reach normal, typical life expectancies. A reserve study is not intended to identify or fund construction defects. We did not and will not look for or identify construction defects during our site visit. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), have been excluded from this report.

Update Reserve Studies:

Level II Studies: Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies.

Level III Studies: In addition to the above we have not visited the property when completing a Level III “No Site Visit” study. Therefore, we have not verified the current condition of the components.

Insurance: We carry general and professional liability insurance as well as workers’ compensation insurance.

Actual or Perceived Conflicts of Interest: There are no potential actual or perceived conflicts of interest of which we are aware.

Inflation and Interest Rates: The after-tax interest rate used in the financial analysis may or may not be based on the clients’ reported after-tax interest rate. If it is, we have not verified or audited the reported rate. The inflation rate may also be based on an amount we believe appropriate given the 30-year horizon of this study and may or may not reflect current or historical inflation rates.

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Funding Summary

Beginning Assumptions

# of units	153
Fiscal Year End	31-Dec
Budgeted Monthly Reserve Allocation	$692
Projected Starting Reserve Balance	$149,500
Ideal Starting Reserve Balance	$6,500

Economic Assumptions

Projected Inflation Rate	4.00%
Reported After-Tax Interest Rate	0.10%

Current Reserve Status

Current Balance as a % of Ideal Balance	2300%

Recommendations

Recommended Monthly Reserve Allocation	$0
Per Unit	$0.00
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%
70% Funded Monthly Reserve Allocation Reference	$0
Per Unit	$0.00
Future Annual Increases	3.00%
For number of years:	30
Increases thereafter:	0.00%

Changes From Prior Year

Recommended Increase to Reserve Allocation	-$692
as Percentage	-100%

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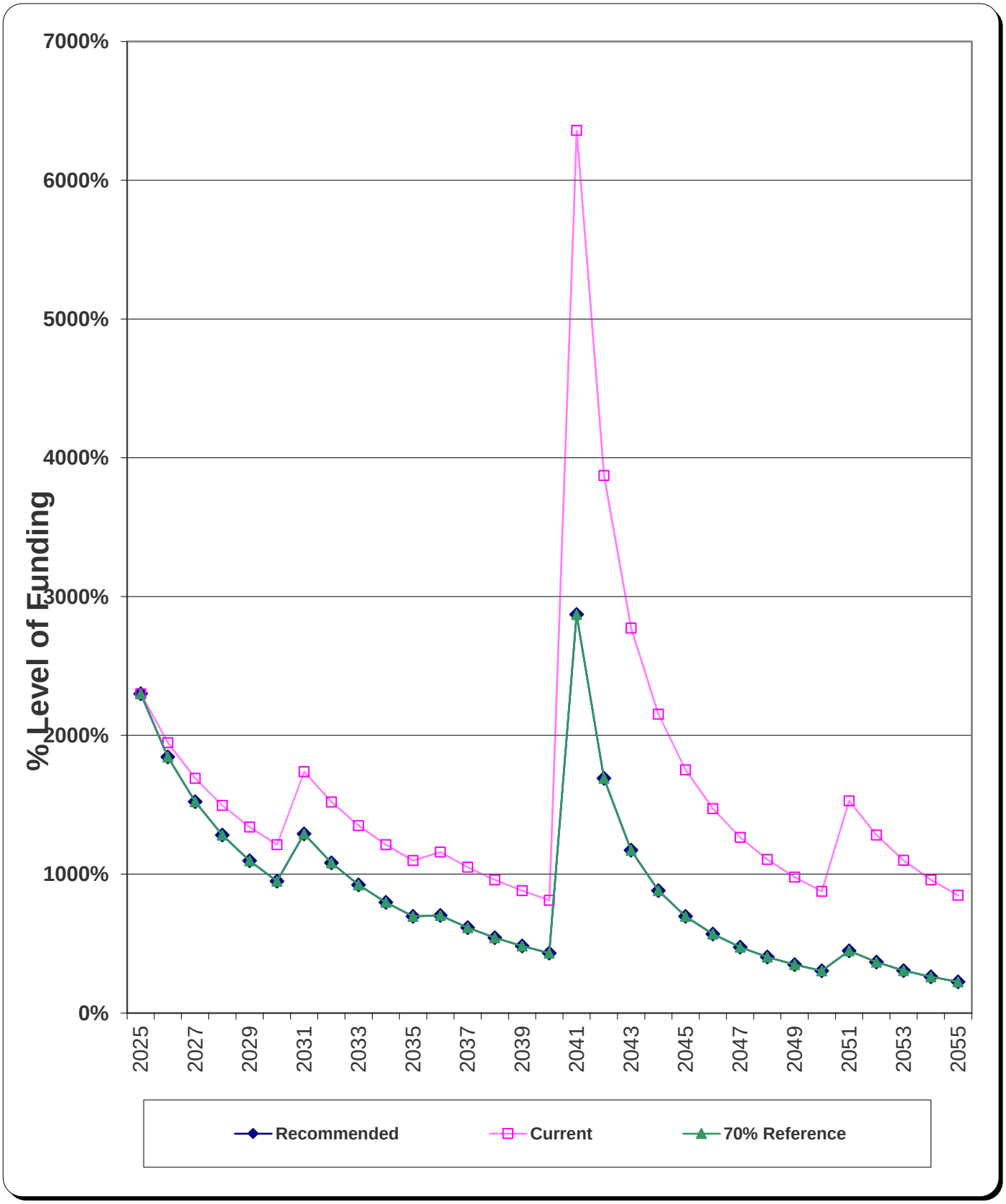
Percent Funded - Graph



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Component Inventory

Category	ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Best Cost	Worst Cost
Drive Materials	401	Asphalt - Maintain	N/A		$0	$0
Prop. Identification	801	Monument Sign - Replace	15	10	$2,000	$2,500
Recreation Equip.	1390	Trail System - Maintain	N/A		$0	$0
Light Fixtures	1609	Entrance Light Fixtures - Replace	20	15	$11,000	$13,000
Landscaping	1812	Park - Improvements	10	5	$5,000	$6,000

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Significant Components

ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As $	As %
801	Monument Sign - Replace	15	10	$2,250	$150	11.5385%
1609	Entrance Light Fixtures - Replace	20	15	$12,000	$600	46.1538%
1812	Park - Improvements	10	5	$5,500	$550	42.3077%

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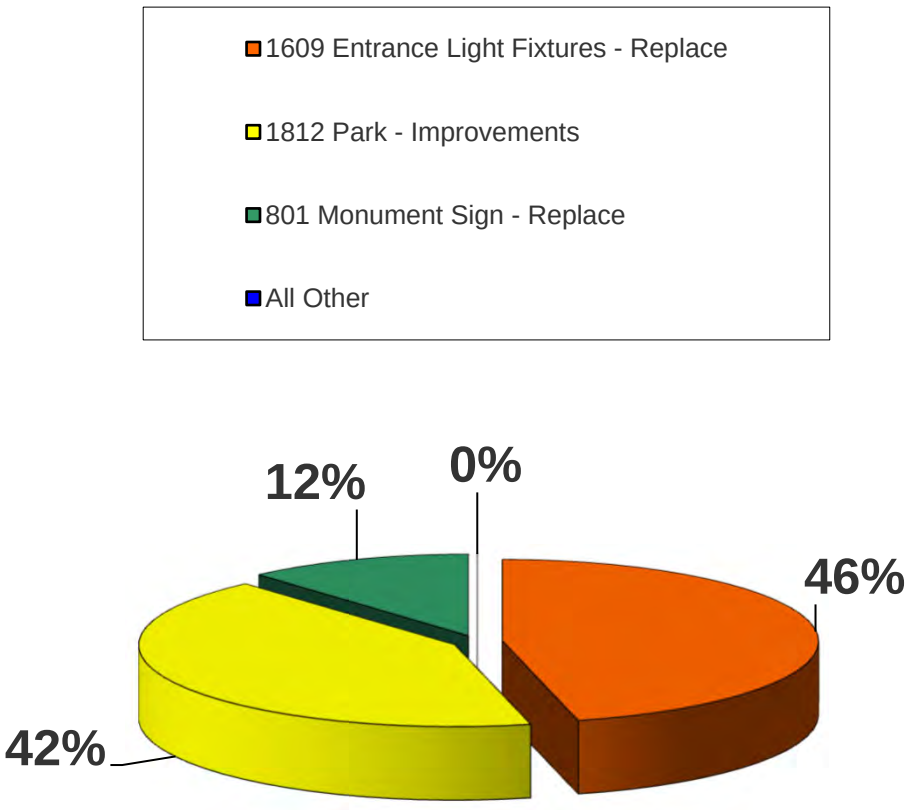
Significant Components - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current Cost	Significance: (Curr Cost/UL)	
					As $	As %
1609	Entrance Light Fixtures - Replace	20	15	$12,000	$600	46%
1812	Park - Improvements	10	5	$5,500	$550	42%
801	Monument Sign - Replace	15	10	$2,250	$150	12%
All Other	See Expanded Table For Breakdown				$0	0%

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Yearly Summary

Year	Fully Funded Balance	Starting Reserve Balance	% Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance
2025	$6,500	$149,500	2300%	$0	$150	$0	$149,650
2026	$8,112	$149,650	1845%	$0	$150	$0	$149,799
2027	$9,843	$149,799	1522%	$0	$150	$0	$149,949
2028	$11,699	$149,949	1282%	$0	$150	$0	$150,099
2029	$13,687	$150,099	1097%	$0	$150	$0	$150,249
2030	$15,816	$150,249	950%	$0	$147	$6,692	$143,705
2031	$11,135	$143,705	1291%	$0	$144	$0	$143,848
2032	$13,291	$143,848	1082%	$0	$144	$0	$143,992
2033	$15,602	$143,992	923%	$0	$144	$0	$144,136
2034	$18,076	$144,136	797%	$0	$144	$0	$144,281
2035	$20,723	$144,281	696%	$0	$143	$3,331	$141,093
2036	$20,090	$141,093	702%	$0	$141	$0	$141,234
2037	$22,975	$141,234	615%	$0	$141	$0	$141,375
2038	$26,058	$141,375	543%	$0	$141	$0	$141,517
2039	$29,352	$141,517	482%	$0	$142	$0	$141,658
2040	$32,867	$141,658	431%	$0	$126	$31,517	$110,268
2041	$3,840	$110,268	2872%	$0	$110	$0	$110,378
2042	$6,525	$110,378	1691%	$0	$110	$0	$110,488
2043	$9,420	$110,488	1173%	$0	$111	$0	$110,599
2044	$12,536	$110,599	882%	$0	$111	$0	$110,710
2045	$15,886	$110,710	697%	$0	$111	$0	$110,820
2046	$19,483	$110,820	569%	$0	$111	$0	$110,931
2047	$23,344	$110,931	475%	$0	$111	$0	$111,042
2048	$27,482	$111,042	404%	$0	$111	$0	$111,153
2049	$31,913	$111,153	348%	$0	$111	$0	$111,265
2050	$36,655	$111,265	304%	$0	$101	$20,660	$90,705
2051	$20,239	$90,705	448%	$0	$91	$0	$90,796
2052	$24,797	$90,796	366%	$0	$91	$0	$90,887
2053	$29,687	$90,887	306%	$0	$91	$0	$90,978
2054	$34,929	$90,978	260%	$0	$91	$0	$91,069

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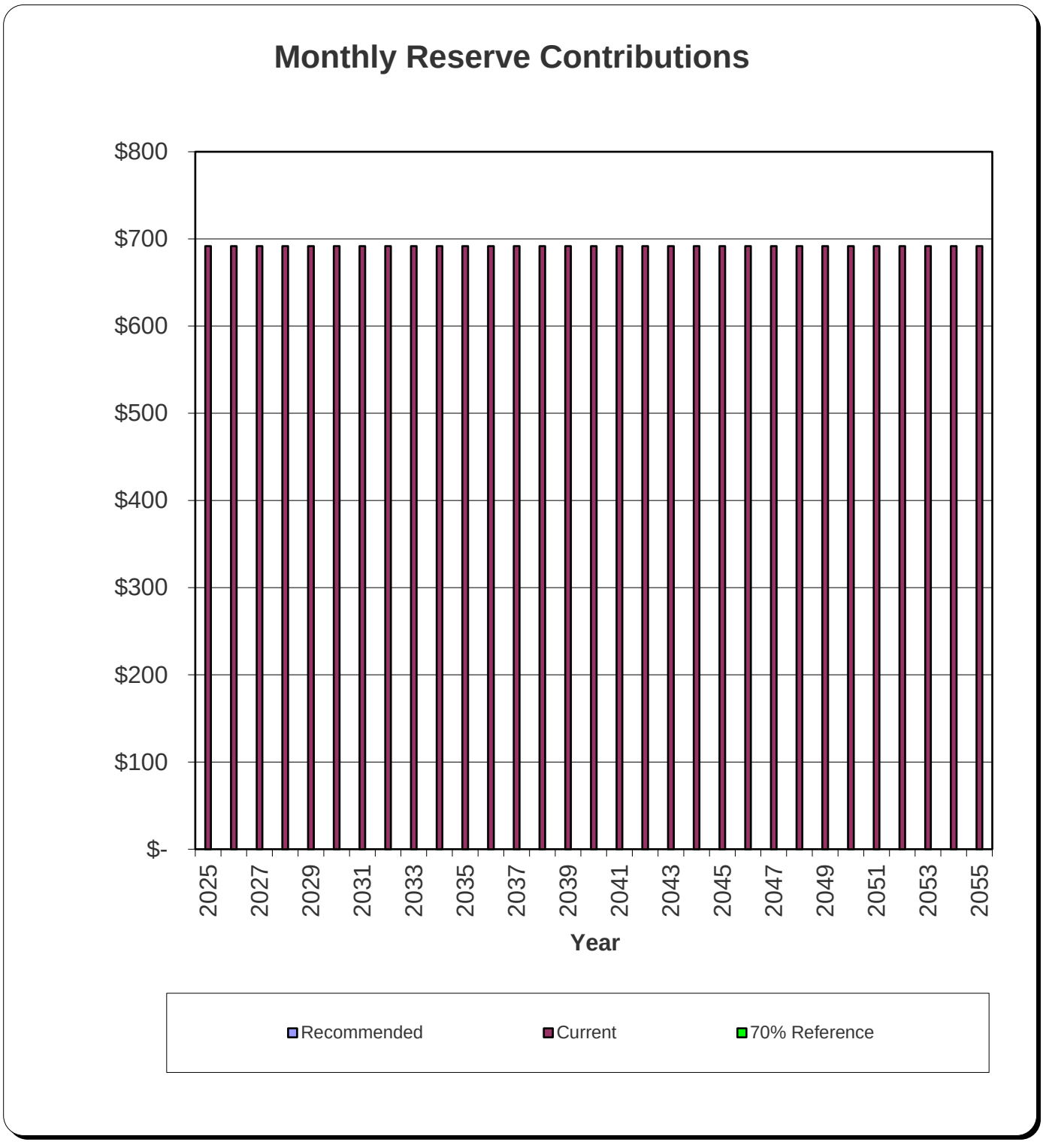
Reserve Contributions - Graph



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Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
801	Monument Sign - Replace	15	10	(1) Sign	$2,250	$750	$17,250	$0.00
1609	Entrance Light Fixtures - Replace	20	15	(1) Project	$12,000	$3,000	$69,000	$0.00
1812	Park - Improvements	10	5	(1) Park	$5,500	$2,750	$63,250	$0.00
					$19,750	$6,500	$149,500	$0

Current Fund Balance as a percentage of Ideal Balance: 2300%

Yearly Cash Flow

Year	2025	2026	2027	2028	2029
Starting Balance	$149,500	$149,650	$149,799	$149,949	$150,099
Reserve Income	$0	$0	$0	$0	$0
Interest Earnings	$150	$150	$150	$150	$150
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$149,650	$149,799	$149,949	$150,099	$150,249
Reserve Expenditures	$0	$0	$0	$0	$0
Ending Balance	$149,650	$149,799	$149,949	$150,099	$150,249

Year	2030	2031	2032	2033	2034
Starting Balance	$150,249	$143,705	$143,848	$143,992	$144,136
Reserve Income	$0	$0	$0	$0	$0
Interest Earnings	$147	$144	$144	$144	$144
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$150,396	$143,848	$143,992	$144,136	$144,281
Reserve Expenditures	$6,692	$0	$0	$0	$0
Ending Balance	$143,705	$143,848	$143,992	$144,136	$144,281

Year	2035	2036	2037	2038	2039
Starting Balance	$144,281	$141,093	$141,234	$141,375	$141,517
Reserve Income	$0	$0	$0	$0	$0
Interest Earnings	$143	$141	$141	$141	$142
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$144,423	$141,234	$141,375	$141,517	$141,658
Reserve Expenditures	$3,331	$0	$0	$0	$0
Ending Balance	$141,093	$141,234	$141,375	$141,517	$141,658

Year	2040	2041	2042	2043	2044
Starting Balance	$141,658	$110,268	$110,378	$110,488	$110,599
Reserve Income	$0	$0	$0	$0	$0
Interest Earnings	$126	$110	$110	$111	$111
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$141,784	$110,378	$110,488	$110,599	$110,710
Reserve Expenditures	$31,517	$0	$0	$0	$0
Ending Balance	$110,268	$110,378	$110,488	$110,599	$110,710

Year	2045	2046	2047	2048	2049
Starting Balance	$110,710	$110,820	$110,931	$111,042	$111,153
Reserve Income	$0	$0	$0	$0	$0
Interest Earnings	$111	$111	$111	$111	$111
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$110,820	$110,931	$111,042	$111,153	$111,265
Reserve Expenditures	$0	$0	$0	$0	$0
Ending Balance	$110,820	$110,931	$111,042	$111,153	$111,265

Year	2050	2051	2052	2053	2054
Starting Balance	$111,265	$90,705	$90,796	$90,887	$90,978
Reserve Income	$0	$0	$0	$0	$0
Interest Earnings	$101	$91	$91	$91	$91
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$111,366	$90,796	$90,887	$90,978	$91,069
Reserve Expenditures	$20,660	$0	$0	$0	$0
Ending Balance	$90,705	$90,796	$90,887	$90,978	$91,069

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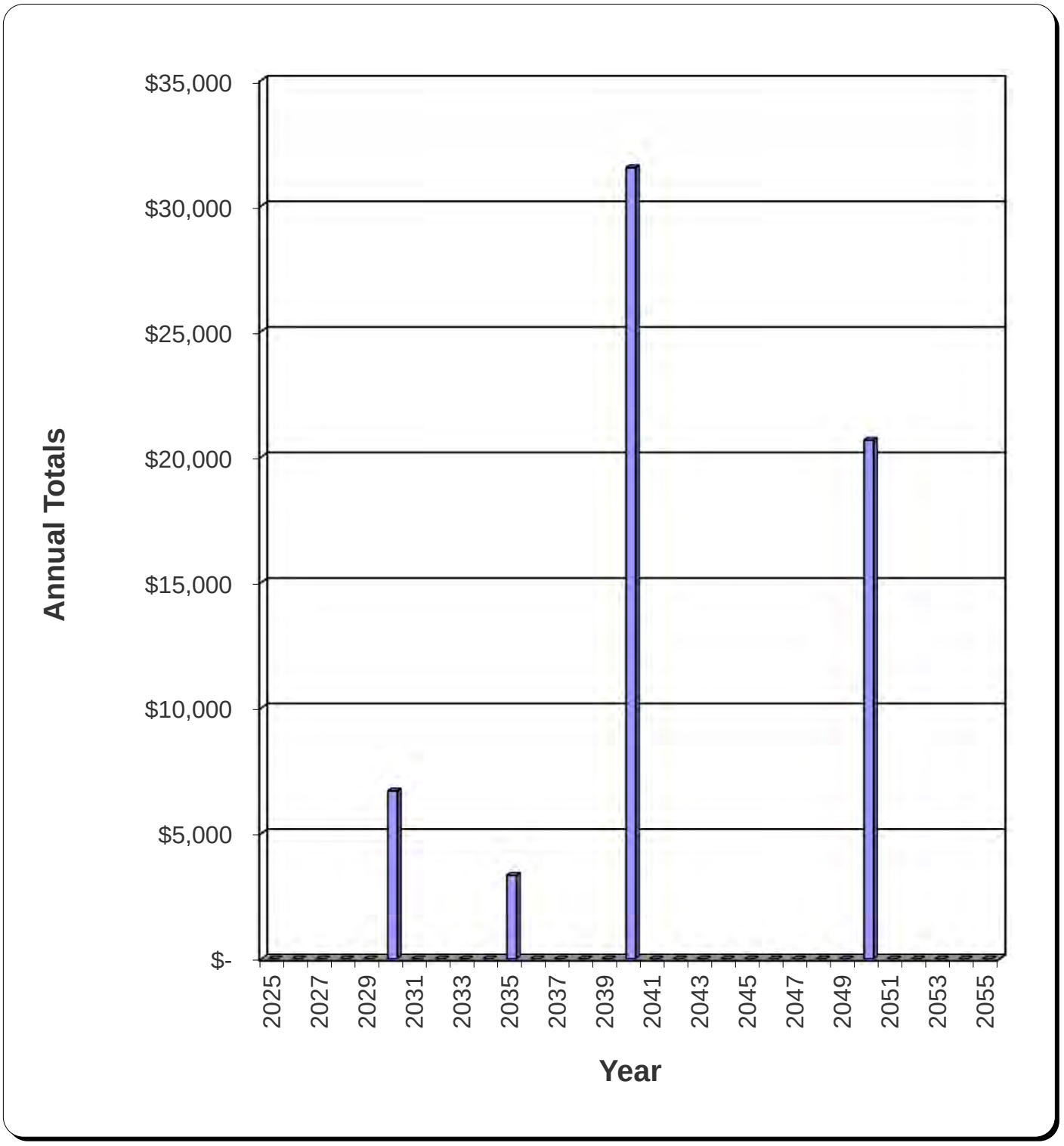
Yearly Reserve Expenditures - Graph



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Projected Reserve Expenditures by Year

Year	ID #	Component Name	Projected Cost	Total Per Annum
2025		No Expenditures Projected		$0
2026		No Expenditures Projected		$0
2027		No Expenditures Projected		$0
2028		No Expenditures Projected		$0
2029		No Expenditures Projected		$0
2030	1812	Park - Improvements	$6,692	$6,692
2031		No Expenditures Projected		$0
2032		No Expenditures Projected		$0
2033		No Expenditures Projected		$0
2034		No Expenditures Projected		$0
2035	801	Monument Sign - Replace	$3,331	$3,331
2036		No Expenditures Projected		$0
2037		No Expenditures Projected		$0
2038		No Expenditures Projected		$0
2039		No Expenditures Projected		$0
2040	1609	Entrance Light Fixtures - Replace	$21,611	
	1812	Park - Improvements	$9,905	$31,517
2041		No Expenditures Projected		$0
2042		No Expenditures Projected		$0
2043		No Expenditures Projected		$0
2044		No Expenditures Projected		$0
2045		No Expenditures Projected		$0
2046		No Expenditures Projected		$0
2047		No Expenditures Projected		$0
2048		No Expenditures Projected		$0
2049		No Expenditures Projected		$0
2050	801	Monument Sign - Replace	$5,998	
	1812	Park - Improvements	$14,662	$20,660
2051		No Expenditures Projected		$0
2052		No Expenditures Projected		$0
2053		No Expenditures Projected		$0
2054		No Expenditures Projected		$0

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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.

FFB = Current Cost * Effective Age / 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.

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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.

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