



RESERVE STUDY - FEBRUARY 1, 2020

Commercial Owners Association (Sample Only)

3525 Main Street
Los Angeles, California

REVIEWED BY:

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DATE:

February 1, 2020



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OVERVIEW

This "Full" Reserve Study has been prepared for "Commercial Owners Association (Sample Only)" in Los Angeles, California. It consists of three main divisions:

The **Summary** is a brief synopsis of the results of the Reserve Study for compliance with the Civil Code.

The **Financial Analysis** utilizes the data gathered from the Condition Assessment. Future expenditures by year over a 30-year period are then projected. Specific information regarding methods and assumptions are delineated in that section.

The **Condition Assessment** is both an inventory and examination of the major components that are subject to deterioration within the 30-year scope of this study. Specific information regarding survey methods and assumptions are delineated in that section.

As the complete report contains details that may not be of interest to many individuals, **it is suggested that this "Overview" page, the "Component Inventory" and the "Summary" be distributed with the pro-forma operating budget.** Copies of the full Reserve Study should be made available upon request.

In addition to the legal objectives, the information contained in the study will provide a perpetual inventory of all common area components which can be expanded should the project undergo any future physical changes. Also, the detailed schedules will serve as an advance warning system with respect to major repair or replacement of the components. This will allow time for obtaining competitive bids, ultimately resulting in cost savings. As a planning tool, the study can be utilized as a "maintenance monitor", thus obtaining maximum life potential from the components and avoiding the "quick-fix" option that can occur due to a lack of funds.

One of the most important aspects of this report is that it will provide an educated estimate as to what the monthly reserve contribution realistically needs to be. This will ensure the physical well-being of the project while helping to avoid unexpected and costly special assessments.

It is important to note that the information contained herein includes estimates and assumptions based on various sources of information. While every effort has been made to ensure accurate results, this report reflects the judgment of Reserve Studies Inc. based on conditions present at the time of the study and should not be construed as a guarantee or assurance of future events. This study has been undertaken by an independent third party. RSI (Reserve Studies Inc.) has no involvement with the client outside of the scope of the services provided herein.

SUMMARY
COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)

The following is a summary of the results of the Financial Analysis portion of the Reserve Study for the period indicated below. The recommended monthly reserve contribution is based on **Funding Plan #3** (also see "Comparison of Funding Plans" schedule). However, this funding plan, while being the most equitable, reflects minimum funding and may only marginally cover the total annual expenditures in some years. The "Per Unit" amounts reflect the "Total" amounts divided by the number of units - no adjustments have been made for any variable rate assessments.

ASSUMPTIONS:

(A) FISCAL (12 MONTH) PERIOD RESERVE STUDY IS TO COVER:	1/1/2021	through	12/31/2021
(B) INFLATION FACTOR (10 year running average CPI per Bureau of Labor Statistics - calculated annually):			1.55%
(C) INTEREST % ON RESERVE FUNDS (unless provided by the association, assumed to be 1%):			1.0000%
(D) BEGINNING RESERVE BALANCE (per association, estimated as of	1/1/2021):	\$227,045
(E) NUMBER OF UNITS:			21

ANALYSIS OF RESERVE CONTRIBUTION

		TOTAL	PER UNIT
(F) AMOUNT BUDGETED MONTHLY (PER ASSOCIATION) AS OF	12/31/2020 :	\$1,878.58	\$89.46
(G) RECOMMENDED MONTHLY FOR PERIOD	1/1/2021 through 12/31/2021 :	\$2,846.99	\$135.57
(see <u>Funding Plan #3</u> for specific details)			
(H) <u>DOLLAR</u> INCREASE / (DECREASE) (item "G" less item "F"):		\$968.41	\$46.11
(I) <u>PERCENTAGE</u> INCREASE / (DECREASE) (item "H" divided by item "F"):		51.55%	51.55%
(J) SPECIAL ASSESSMENT FOR PERIOD	1/1/2021 through 12/31/2021 :	\$0.00	\$0.00
(in addition to "AMOUNT RECOMMENDED" from above [item "G"])			
(K) FUTURE <u>ANNUAL</u> PERCENTAGE INCREASES / (DECREASES)	1/1/2022 - 1/1/2023	51.55%	51.55%

ANALYSIS OF TOTAL BUDGETED ASSESSMENT (DUES) FROM ALL OWNERS:

		TOTAL	PER UNIT
(L) AMOUNT BUDGETED MONTHLY (PER ASSOCIATION) AS OF	12/31/2020 :	10,075.88	479.80
(M) RESERVE CONTRIBUTION % OF TOTAL ASSESSMENT (DUES) (item "F" divided by "L")		18.64%	18.64%
(N) % INCREASE/(DECREASE) IN TOTAL MONTHLY ASSESSMENT (DUES) ("h" divided by "L")		9.61%	9.61%
(if recommended monthly reserve contribution implemented)			

OVERAGE / (DEFICIT) - between "actual" and "ideal" reserve balance: (228,196) (10,866)

FUNDS TO COVER THE COST OF COMPONENTS THAT NEED TO BE REPLACED WITHIN 5 YEARS **\$292,643.40**

PERCENT FUNDED AS OF: 1/1/2021 (excluding "unknown" amounts from Component Inventory) **49.87%**

actual reserve balance (item "D" above): 227,045
divided by
accumulated depreciation (see Component Inventory): 455,241

PERCENT FUNDED AS OF: 12/31/2021 (if Funding Plan #3 recommended above is followed) **51.15%**

FINANCIAL ANALYSIS

This **Financial Analysis** reveals the financial ramifications over a 30-year projection resulting from the Condition Assessment, and consists of the following schedules:

- 1) **COMPONENT INVENTORY** - Lists all the components compiled from the Condition Assessment, including their quantity, typical useful lives, estimated remaining lives and average costs. Also provided for each component is an allocation of the beginning reserve balance, annual depreciation, accumulated depreciation, and monthly contributions.

FUNDING PLANS / ILLUSTRATIONS - Four funding plans / illustrations are provided to illustrate the effects of various levels of reserve contributions versus anticipated reserve expenditures. They include 30 years of activity, are detailed on an **annual** basis, and include interest income earned on reserve funds (net of taxes), which can offset the amount of contributions required.
- 2) **FUNDING ILLUSTRATION #1** - This illustration assumes that the current reserve contribution will remain the same throughout the 30-year projection. In most cases this will not be sufficient to cover future reserve expenditures over the 30-year period. **This is not a recommended funding plan.**
- 3) **FUNDING ILLUSTRATION #2** - This illustration also assumes that the current reserve contribution will remain the same throughout the 30-year projection. However, special assessments are generated for any year that the reserve balance would otherwise drop below \$0.00. **This is not a recommended funding plan**
- 4) **FUNDING PLAN #3** - This plan increases (or sometimes decreases) current reserve contributions as necessary to cover all future expenditures and achieve 100% funding at least by the end of the 30-year projection. It most fairly matches the depreciation of the common components and the enjoyment of the benefits. **This is a recommended funding plan** and fulfills the requirement of the California Civil Code with respect to distribution of a full funding plan.
- 5) **FUNDING ILLUSTRATION #4** - This illustration dictates what the reserve contribution would need to be to achieve annual 100% funding.
- 6) **COMPARISON OF FUNDING PLANS / ILLUSTRATIONS** - Details comparison of the 4 funding plans / illustrations on an annual basis, including the **monthly** reserve contributions and the percent funded for each year.
- 7) **GRAPH: FUNDING PLANS / ILLUSTRATIONS 1-4 vs. RESERVE EXPENDITURES** - Shows the cash receipts (reserve contributions plus interest income) in each of the 4 funding plans / illustrations versus the total reserve expenditures on an annual basis.
- 8) **GRAPH: FUNDING PLANS / ILLUSTRATIONS 1-4 vs. ACCUMULATED DEPRECIATION** - Shows the cash receipts versus the accumulated depreciation on an annual basis.
- 9) **RESERVE EXPENDITURES BY YEAR** – Details the component expenditures for each year they come due.
- 10) **COMPONENT ACCUMULATED DEPRECIATION ANALYSIS** – Calculates the accumulated depreciation for each component at year-end. The total accumulated depreciation per year is ideally the amount that should be in reserves and represents 100% funded. For example, if a component cost is \$1,000, has a useful life of 10 years and is 6 years old, then \$600 should be in reserves: \$1,000 divided by 10 years = \$100 per year x 6 years of depreciation.

COMPONENT INVENTORY threshold = \$500
COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)

AS OF: 1/1/2021

CATEGORY / COMPONENT	ID#	APPROXIMATE QUANTITY	LIFE IN YRS		CURRENT COST	ANNUAL DEPRE	RESERVES			MONTHLY CONTRIBUTION	
			USEFUL	REMAIN			ACTUAL	ACCUM DEPRE	SURPLUS/ (DEFICIT)	CURRENT	RECOMMEND
ROOF/DECKS											
cap sheet roof	0101	60,950 sq ft	12	3	240,250 ¹	20,021	89,866	180,188	(90,322)	743.56	1,126.86
standing seam roof	0102	lifetime	30+	30+	0	0	0	0	0	0.00	0.00
skylights	0103	47 skylights	24	12	51,900 ⁴	2,163	12,942	25,950	(13,008)	107.08	162.29
STRUCTURE											
foundations/structural frame	0201	2 buildings	30+	30+	0	0	0	0	0	0.00	0.00
structural pest control	0202	lifetime	30+	30+	0	0	0	0	0	0.00	0.00
PAINT											
exterior flatwork	0301	39,650 sq ft	10	5	24,100 ³	2,410	6,010	12,050	(6,040)	49.73	75.36
interior flatwork	0302	operating budget	n/a	n/a	0	0	0	0	0	0.00	0.00
doors	0303	29 sides	5	0	1,550 ³	310	773	1,550	(777)	6.40	9.69
metal	0304	6,550 sq ft	5	2	8,350 ³	1,670	2,499	5,010	(2,511)	20.67	31.33
parking stripes	0305	160 spaces	5	1	3,550 ³	710	1,416	2,840	(1,424)	11.72	17.76
curbs	0306	950 lin ft	5	0	1,150 ³	230	574	1,150	(576)	4.75	7.19
ELECTRICAL											
fire alarm system	0401	2 systems	20	10	3,400 ⁴	170	848	1,700	(852)	7.02	10.63
lighting-exterior	0402	38 fixtures	20	19	9,150 ³	458	228	458	(230)	1.89	2.86
lighting-parking lot	0403	15 fixtures	25	11	15,250 ⁴	610	4,259	8,540	(4,281)	35.24	53.41
LANDSCAPE/ HARDSCAPE											
asphalt seal coat	0501	96,950 sq ft	5	1	6,750 ³	1,350	2,693	5,400	(2,707)	22.28	33.77
asphalt replacement	0502	96,950 sq ft	20	8	327,850 ¹	16,393	98,106	196,710	(98,604)	811.74	1,230.19
swales	0503	1,350 lin ft	30	12	15,250 ⁴	508	4,563	9,150	(4,587)	37.76	57.22
concrete channel drain	0504	operating budget	30+	30+	0	0	0	0	0	0.00	0.00
concrete flatwork	0505	operating budget	30+	30+	0	0	0	0	0	0.00	0.00
concrete block walls	0506	lifetime	30+	30+	0	0	0	0	0	0.00	0.00
irrigation controller	0507	1 @ 40 stations	15	3	3,000 ⁴	200	1,197	2,400	(1,203)	9.90	15.01
back flow preventers	0508	3 preventers	15	3	2,100 ⁴	140	838	1,680	(842)	6.93	10.51
major tree trimming/removal	0509	operating budget	n/a	n/a	0	0	0	0	0	0.00	0.00
landscape remodel	0510	operating budget	n/a	n/a	0	0	0	0	0	0.00	0.00
MISCELLANEOUS											
mailboxes	0601	usps	n/a	n/a	0	0	0	0	0	0.00	0.00
signs	0602	10 signs	20	9	600 ⁴	30	165	330	(165)	1.36	2.06

COMPONENT INVENTORY threshold = \$500
COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)

AS OF: 1/1/2021

CATEGORY / COMPONENT	ID#	APPROXIMATE QUANTITY	LIFE IN YRS		CURRENT COST	ANNUAL DEPRE	RESERVES			MONTHLY CONTRIBUTION	
			USEFUL	REMAIN			ACTUAL	ACCUM DEPRE	SURPLUS/ (DEFICIT)	CURRENT	RECOMMEND
CONTINGENCY RESERVE	0701	5% of total annual expenditures - see "Reserve Expenditures by Year" schedule for details			<u>135</u>	<u>135</u>	<u>67</u>	<u>135</u>	<u>(68)</u>	<u>0.56</u>	<u>0.84</u>
TOTALS					<u>714,335</u>	<u>47,507</u>	<u>227,045</u>	<u>455,241</u>	<u>(228,196)</u>	<u>1,878.58</u>	<u>2,846.99</u>

COST SOURCES

- 1) In-house database. Developed from experience of costs for recent repairs, replacements, or restoration of components in similar properties.
- 2) Based on contractor proposal provided by association and/or information from association's vendors.
- 3) Based on actual cost of recent repair, replacement, or restoration of component - information provided by association.
- 4) National cost guide (National Construction Estimator, R.S. Means, LSI, etc.)
- 5) Per Mechanical Engineering Evaluation
- 6) Per information in previous non-RSI study

Percent Funded: ratio of the actual reserve balance to the component accumulated depreciation	49.87%
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**COMPARISON OF FUNDING PLANS / ILLUSTRATIONS
COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)**

FUNDING ILLUSTRATION #1			FUNDING ILLUSTRATION #2			FUNDING PLAN #3			FUNDING ILLUSTRATION #4		
YEAR	Monthly Contribution	Percent Funded	Monthly Contribution	Annual % Change	Percent Funded	Monthly Contribution	Annual % Change	Percent Funded	Monthly Contribution	Annual % Change	Percent Funded
1/1/2021	1,879	49.87%	1,879	0.00%	49.87%	2,847	51.55%	49.87%	23,467	1149.20%	49.87%
1/1/2022	1,879	48.85%	1,879	0.00%	48.85%	4,315	51.55%	51.15%	4,480	-80.91%	100.00%
1/1/2023	1,879	47.16%	1,879	0.00%	47.16%	6,539	51.55%	54.57%	5,613	25.28%	100.00%
1/1/2024	1,879	44.88%	1,879	0.00%	44.88%	6,539	0.00%	60.69%	4,388	-21.82%	100.00%
1/1/2025	1,879	7.49%	1,879	0.00%	7.49%	6,539	0.00%	45.83%	4,685	6.77%	100.00%
1/1/2026	1,879	11.48%	1,879	0.00%	11.48%	6,539	0.00%	57.30%	4,692	0.15%	100.00%
1/1/2027	1,879	9.27%	1,879	0.00%	9.27%	6,539	0.00%	64.11%	4,792	2.14%	100.00%
1/1/2028	1,879	10.47%	1,879	0.00%	10.47%	6,539	0.00%	71.07%	6,402	33.59%	100.00%
1/1/2029	1,879	11.42%	1,879	0.00%	11.42%	6,539	0.00%	74.53%	4,596	-28.21%	100.00%
1/1/2030	1,879	-107.19%	1,879	0.00%	-107.19%	6,539	0.00%	52.19%	4,836	5.21%	100.00%
1/1/2031	1,879	-81.86%	1,879	0.00%	-81.86%	6,539	0.00%	66.44%	5,042	4.27%	100.00%
1/1/2032	1,879	-66.47%	1,879	0.00%	-66.47%	6,539	0.00%	75.60%	5,384	6.78%	100.00%
1/1/2033	1,879	-63.13%	1,879	0.00%	-63.13%	6,539	0.00%	80.73%	5,042	-6.36%	100.00%
1/1/2034	1,879	-86.75%	1,879	0.00%	-86.75%	6,539	0.00%	83.59%	5,190	2.93%	100.00%
1/1/2035	1,879	-69.60%	1,879	0.00%	-69.60%	6,539	0.00%	89.35%	6,713	29.36%	100.00%
1/1/2036	1,879	-54.74%	1,879	0.00%	-54.74%	6,539	0.00%	90.55%	5,148	-23.32%	100.00%
1/1/2037	1,879	-247.00%	1,879	0.00%	-247.00%	6,539	0.00%	86.26%	5,341	3.76%	100.00%
1/1/2038	1,879	-202.24%	1,879	0.00%	-202.24%	6,539	0.00%	93.23%	5,447	1.97%	100.00%
1/1/2039	1,879	-167.89%	1,879	0.00%	-167.89%	6,539	0.00%	97.87%	5,598	2.78%	100.00%
1/1/2040	1,879	-139.54%	1,879	0.00%	-139.54%	6,539	0.00%	100.84%	5,687	1.59%	100.00%
1/1/2041	1,879	-120.73%	1,879	0.00%	-120.73%	6,539	0.00%	102.86%	5,869	3.19%	100.00%
1/1/2042	1,879	-102.12%	1,879	0.00%	-102.12%	6,539	0.00%	103.97%	5,986	1.99%	100.00%
1/1/2043	1,879	-90.81%	1,879	0.00%	-90.81%	6,539	0.00%	104.69%	6,073	1.45%	100.00%
1/1/2044	1,879	-80.65%	1,879	0.00%	-80.65%	6,539	0.00%	105.09%	6,223	2.47%	100.00%
1/1/2045	1,879	-69.25%	1,879	0.00%	-69.25%	6,539	0.00%	105.09%	6,536	5.04%	100.00%
1/1/2046	1,879	-59.70%	1,879	0.00%	-59.70%	6,539	0.00%	104.62%	6,548	0.19%	100.00%
1/1/2047	1,879	-58.95%	1,879	0.00%	-58.95%	6,539	0.00%	104.41%	8,199	25.21%	100.00%
1/1/2048	1,879	-52.95%	1,879	0.00%	-52.95%	6,539	0.00%	101.97%	8,498	3.65%	100.00%
1/1/2049	1,879	-130.05%	1,879	0.00%	-130.05%	6,539	0.00%	99.36%	6,137	-27.79%	100.00%
1/1/2050	1,879	-609.71%	1,879	0.00%	-609.71%	6,539	0.00%	100.18%	6,425	4.69%	100.00%

AVERAGE:

-85.18%

-85.18%

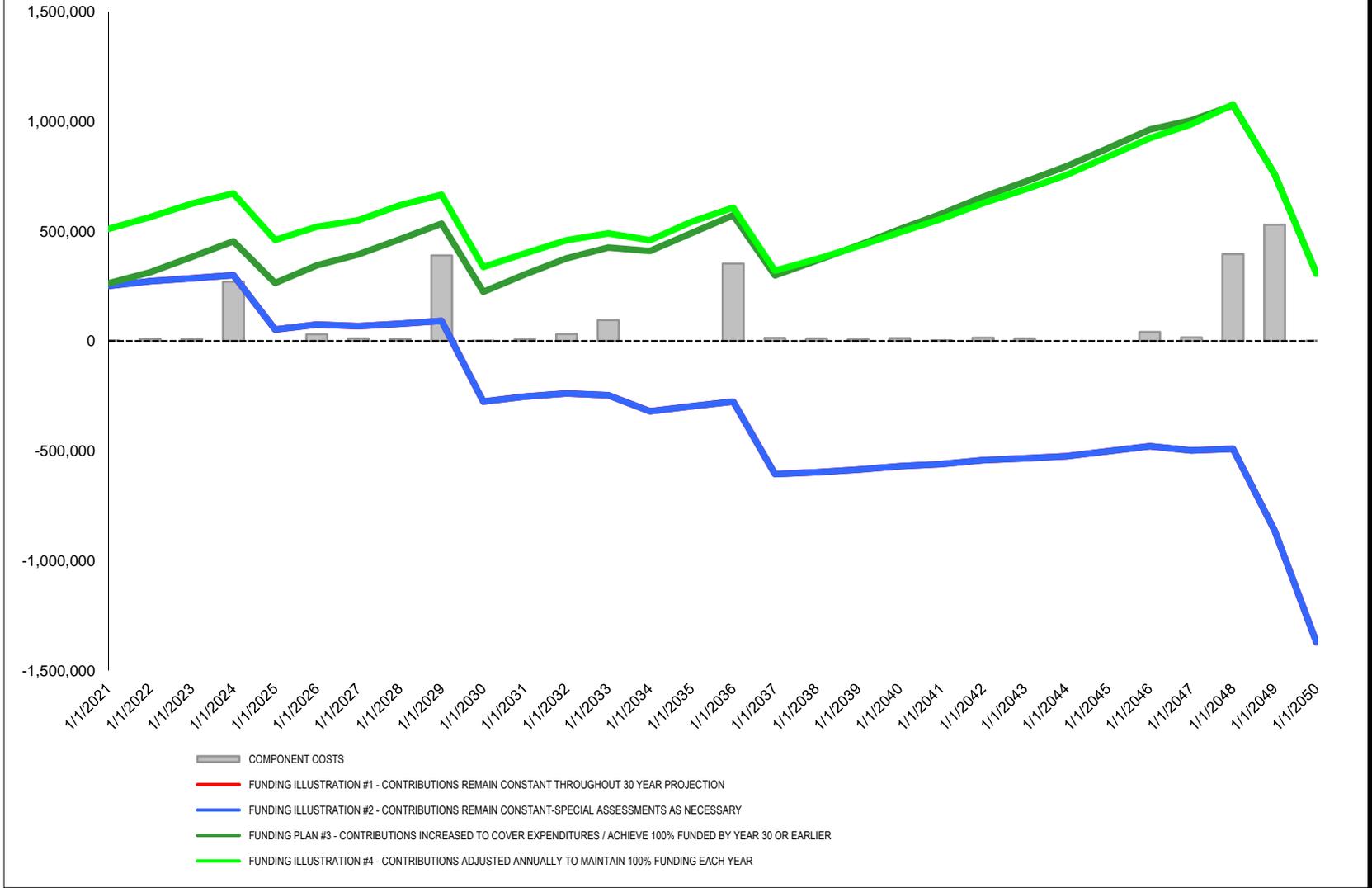
83.73%

100.00%

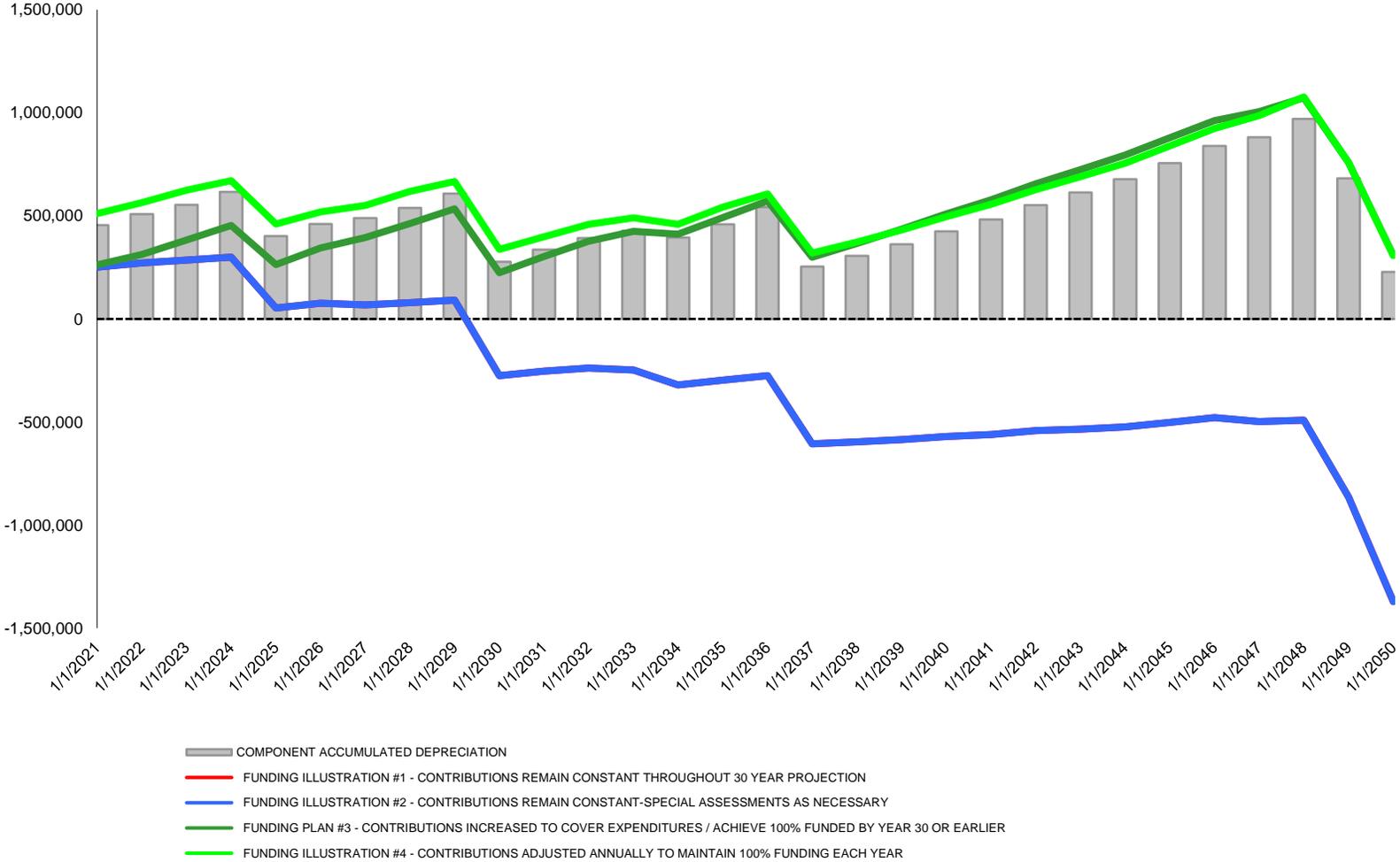
FOOTNOTES:

(1) Includes special assessments prorated on a monthly basis

COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)
FUNDING PLANS / ILLUSTRATIONS
GRAPH: FUNDING PLANS / ILLUSTRATIONS 1-4 vs COMPONENT COSTS



COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)
FUNDING PLANS / ILLUSTRATIONS GRAPH: FUNDING PLANS / ILLUSTRATIONS 1-4 vs COMPONENT DEPRECIATION



FUNDING ILLUSTRATION #1 (assumption: current contribution remains constant throughout 30 year projection) **ILLUSTRATION ONLY / NOT RECOMMENDED**
COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY) **ANNUAL BASIS**

DESCRIPTION	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031	1/1/2032	1/1/2033	1/1/2034	1/1/2035
RESERVE CONTRIBUTION	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543
SPECIAL ASSESSMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME (a)	1,438	1,542	1,627	928	251	297	308	381	0	0	0	0	0	0	0
COMPONENT COSTS (b)	(2,835)	(10,983)	(9,041)	(269,785)	0	(30,389)	(11,862)	(9,764)	(389,317)	(723)	(7,472)	(31,772)	(95,342)	0	0
NET RCPTS/(DISBURSE)	21,146	13,102	15,129	(246,314)	22,794	(7,549)	10,989	13,160	(366,774)	21,820	15,071	(9,229)	(72,799)	22,543	22,543
CASH BALANCE: begin year	227,045	248,191	261,293	276,422	30,108	52,902	45,353	56,342	69,501	(297,272)	(275,453)	(260,382)	(269,611)	(342,410)	(319,867)
CASH BALANCE: end year	248,191	261,293	276,422	30,108	52,902	45,353	56,342	69,501	(297,272)	(275,453)	(260,382)	(269,611)	(342,410)	(319,867)	(297,324)
COMPONENT ACCUMULATED DEPRECIATION (c)	455,241	508,048	554,050	615,913	401,871	460,706	489,503	538,267	608,809	277,332	336,499	391,743	427,067	394,724	459,595
less: beginning cash bal	227,045	248,191	261,293	276,422	30,108	52,902	45,353	56,342	69,501	(297,272)	(275,453)	(260,382)	(269,611)	(342,410)	(319,867)
over/(under) funded-total	(228,196)	(259,857)	(292,757)	(339,491)	(371,763)	(407,804)	(444,150)	(481,925)	(539,307)	(574,605)	(611,952)	(652,125)	(696,678)	(737,134)	(779,462)
" " " per unit	(10,866)	(12,374)	(13,941)	(16,166)	(17,703)	(19,419)	(21,150)	(22,949)	(25,681)	(27,362)	(29,141)	(31,054)	(33,175)	(35,102)	(37,117)

DESCRIPTION	1/1/2036	1/1/2037	1/1/2038	1/1/2039	1/1/2040	1/1/2041	1/1/2042	1/1/2043	1/1/2044	1/1/2045	1/1/2046	1/1/2047	1/1/2048	1/1/2049	1/1/2050
RESERVE CONTRIBUTION	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543
SPECIAL ASSESSMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME (a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COMPONENT COSTS (b)	(353,165)	(13,833)	(11,388)	(7,064)	(12,869)	(3,855)	(14,938)	(12,299)	0	0	(41,331)	(16,133)	(395,412)	(529,544)	(984)
NET RCPTS/(DISBURSE)	(330,622)	8,710	11,155	15,479	9,674	18,688	7,605	10,244	22,543	22,543	(18,788)	6,410	(372,869)	(507,001)	21,559
CASH BALANCE: begin year	(297,324)	(627,946)	(619,236)	(608,082)	(592,603)	(582,929)	(564,240)	(556,636)	(546,392)	(523,849)	(501,306)	(520,094)	(513,684)	(886,553)	(1,393,555)
CASH BALANCE: end year	(627,946)	(619,236)	(608,082)	(592,603)	(582,929)	(564,240)	(556,636)	(546,392)	(523,849)	(501,306)	(520,094)	(513,684)	(886,553)	(1,393,555)	(1,371,996)
COMPONENT ACCUMULATED DEPRECIATION (c)	543,200	254,229	306,192	362,193	424,696	482,828	552,540	612,969	677,459	756,482	839,759	882,235	970,115	681,697	228,561
less: beginning cash bal	(297,324)	(627,946)	(619,236)	(608,082)	(592,603)	(582,929)	(564,240)	(556,636)	(546,392)	(523,849)	(501,306)	(520,094)	(513,684)	(886,553)	(1,393,555)
over/(under) funded-total	(840,524)	(882,175)	(925,429)	(970,275)	(1,017,299)	(1,065,756)	(1,116,781)	(1,169,604)	(1,223,851)	(1,280,331)	(1,341,065)	(1,402,329)	(1,483,799)	(1,568,251)	(1,622,116)
" " " per unit	(40,025)	(42,008)	(44,068)	(46,204)	(48,443)	(50,750)	(53,180)	(55,695)	(58,279)	(60,968)	(63,860)	(66,778)	(70,657)	(74,679)	(77,244)

FOOTNOTES: (a) Interest income calculated on average balance less Federal & State income taxes of 39.3% Rate: 1.0000%
(b) See "Reserve Expenditures By Year Schedule"
(c) See "Component Accumulated Depreciation Analysis"

FUNDING ILLUSTRATION #2 (assumption: current contribution constant - special assess as necessary) **ILLUSTRATION ONLY / NOT RECOMMENDED**

COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)

ANNUAL BASIS

DESCRIPTION	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031	1/1/2032	1/1/2033	1/1/2034	1/1/2035
RESERVE CONTRIBUTION	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543
SPECIAL ASSESSMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME (a)	1,438	1,542	1,627	928	251	297	308	381	0	0	0	0	0	0	0
COMPONENT COSTS (b)	(2,835)	(10,983)	(9,041)	(269,785)	0	(30,389)	(11,862)	(9,764)	(389,317)	(723)	(7,472)	(31,772)	(95,342)	0	0
NET RCPTS/(DISBURSE)	21,146	13,102	15,129	(246,314)	22,794	(7,549)	10,989	13,160	(366,774)	21,820	15,071	(9,229)	(72,799)	22,543	22,543
CASH BALANCE: begin year	227,045	248,191	261,293	276,422	30,108	52,902	45,353	56,342	69,501	(297,272)	(275,453)	(260,382)	(269,611)	(342,410)	(319,867)
CASH BALANCE: end year	248,191	261,293	276,422	30,108	52,902	45,353	56,342	69,501	(297,272)	(275,453)	(260,382)	(269,611)	(342,410)	(319,867)	(297,324)
COMPONENT ACCUMULATED DEPRECIATION (c)	455,241	508,048	554,050	615,913	401,871	460,706	489,503	538,267	608,809	277,332	336,499	391,743	427,067	394,724	459,595
less: beginning cash bal	227,045	248,191	261,293	276,422	30,108	52,902	45,353	56,342	69,501	(297,272)	(275,453)	(260,382)	(269,611)	(342,410)	(319,867)
over/(under) funded-total	(228,196)	(259,857)	(292,757)	(339,491)	(371,763)	(407,804)	(444,150)	(481,925)	(539,307)	(574,605)	(611,952)	(652,125)	(696,678)	(737,134)	(779,462)
" " " per unit	(10,866)	(12,374)	(13,941)	(16,166)	(17,703)	(19,419)	(21,150)	(22,949)	(25,681)	(27,362)	(29,141)	(31,054)	(33,175)	(35,102)	(37,117)

DESCRIPTION	1/1/2036	1/1/2037	1/1/2038	1/1/2039	1/1/2040	1/1/2041	1/1/2042	1/1/2043	1/1/2044	1/1/2045	1/1/2046	1/1/2047	1/1/2048	1/1/2049	1/1/2050
RESERVE CONTRIBUTION	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543	22,543
SPECIAL ASSESSMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME (a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COMPONENT COSTS (b)	(353,165)	(13,833)	(11,388)	(7,064)	(12,869)	(3,855)	(14,938)	(12,299)	0	0	(41,331)	(16,133)	(395,412)	(529,544)	(984)
NET RCPTS/(DISBURSE)	(330,622)	8,710	11,155	15,479	9,674	18,688	7,605	10,244	22,543	22,543	(18,788)	6,410	(372,869)	(507,001)	21,559
CASH BALANCE: begin year	(297,324)	(627,946)	(619,236)	(608,082)	(592,603)	(582,929)	(564,240)	(556,636)	(546,392)	(523,849)	(501,306)	(520,094)	(513,684)	(886,553)	(1,393,555)
CASH BALANCE: end year	(627,946)	(619,236)	(608,082)	(592,603)	(582,929)	(564,240)	(556,636)	(546,392)	(523,849)	(501,306)	(520,094)	(513,684)	(886,553)	(1,393,555)	(1,371,996)
COMPONENT ACCUMULATED DEPRECIATION (c)	543,200	254,229	306,192	362,193	424,696	482,828	552,540	612,969	677,459	756,482	839,759	882,235	970,115	681,697	228,561
less: beginning cash bal	(297,324)	(627,946)	(619,236)	(608,082)	(592,603)	(582,929)	(564,240)	(556,636)	(546,392)	(523,849)	(501,306)	(520,094)	(513,684)	(886,553)	(1,393,555)
over/(under) funded-total	(840,524)	(882,175)	(925,429)	(970,275)	(1,017,299)	(1,065,756)	(1,116,781)	(1,169,604)	(1,223,851)	(1,280,331)	(1,341,065)	(1,402,329)	(1,483,799)	(1,568,251)	(1,622,116)
" " " per unit	(40,025)	(42,008)	(44,068)	(46,204)	(48,443)	(50,750)	(53,180)	(55,695)	(58,279)	(60,968)	(63,860)	(66,778)	(70,657)	(74,679)	(77,244)

FOOTNOTES: (a) Interest income calculated on average balance less Federal & State income taxes of 39.3%
 (b) See "Reserve Expenditures By Year Schedule"
 (c) See "Component Accumulated Depreciation Analysis"

Rate: 1.0000%

FUNDING PLAN #3 (assumption: current contribution increased as necessary to cover all expenditures)
COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)

RECOMMENDED TO BE ADOPTED

ANNUAL BASIS

DESCRIPTION	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031	1/1/2032	1/1/2033	1/1/2034	1/1/2035
RESERVE CONTRIBUTION	34,164	51,775	78,466	78,466	78,466	78,466	78,466	78,466	78,466	78,466	78,466	78,466	78,466	78,466	78,466
SPECIAL ASSESSMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME (a)	1,473	1,701	2,046	1,688	1,356	1,748	2,107	2,531	1,811	1,114	1,573	1,939	2,042	2,241	2,731
COMPONENT COSTS (b)	(2,835)	(10,983)	(9,041)	(269,785)	0	(30,389)	(11,862)	(9,764)	(389,317)	(723)	(7,472)	(31,772)	(95,342)	0	0
NET RCPTS/(DISBURSE)	32,802	42,493	71,471	(189,631)	79,822	49,825	68,711	71,232	(309,040)	78,857	72,566	48,633	(14,835)	80,706	81,196
CASH BALANCE: begin year	227,045	259,847	302,341	373,811	184,180	264,002	313,827	382,538	453,770	144,729	223,586	296,152	344,785	329,950	410,656
CASH BALANCE: end year	259,847	302,341	373,811	184,180	264,002	313,827	382,538	453,770	144,729	223,586	296,152	344,785	329,950	410,656	491,853
COMPONENT ACCUMULATED DEPRECIATION (c)	455,241	508,048	554,050	615,913	401,871	460,706	489,503	538,267	608,809	277,332	336,499	391,743	427,067	394,724	459,595
less: beginning cash bal	227,045	259,847	302,341	373,811	184,180	264,002	313,827	382,538	453,770	144,729	223,586	296,152	344,785	329,950	410,656
over/(under) funded-total	(228,196)	(248,201)	(251,709)	(242,101)	(217,691)	(196,704)	(175,676)	(155,729)	(155,039)	(132,603)	(112,913)	(95,591)	(82,282)	(64,774)	(48,939)
" " " per unit	(10,866)	(11,819)	(11,986)	(11,529)	(10,366)	(9,367)	(8,366)	(7,416)	(7,383)	(6,314)	(5,377)	(4,552)	(3,918)	(3,084)	(2,330)

DESCRIPTION	1/1/2036	1/1/2037	1/1/2038	1/1/2039	1/1/2040	1/1/2041	1/1/2042	1/1/2043	1/1/2044	1/1/2045	1/1/2046	1/1/2047	1/1/2048	1/1/2049	1/1/2050
RESERVE CONTRIBUTION	78,466	78,466	78,466	78,466	78,466	78,466	78,466	78,466	78,466	78,466	78,466	78,466	78,466	78,466	78,466
SPECIAL ASSESSMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME (a)	2,152	1,527	1,936	2,368	2,799	3,241	3,680	4,096	4,560	5,064	5,445	5,780	5,043	2,742	1,625
COMPONENT COSTS (b)	(353,165)	(13,833)	(11,388)	(7,064)	(12,869)	(3,855)	(14,938)	(12,299)	0	0	(41,331)	(16,133)	(395,412)	(529,544)	(984)
NET RCPTS/(DISBURSE)	(272,548)	66,160	69,014	73,769	68,395	77,852	67,207	70,263	83,025	83,529	42,580	68,113	(311,904)	(448,337)	79,107
CASH BALANCE: begin year	491,853	219,305	285,465	354,478	428,248	496,643	574,495	641,702	711,965	794,990	878,520	921,099	989,212	677,308	228,971
CASH BALANCE: end year	219,305	285,465	354,478	428,248	496,643	574,495	641,702	711,965	794,990	878,520	921,099	989,212	677,308	228,971	308,078
COMPONENT ACCUMULATED DEPRECIATION (c)	543,200	254,229	306,192	362,193	424,696	482,828	552,540	612,969	677,459	756,482	839,759	882,235	970,115	681,697	228,561
less: beginning cash bal	491,853	219,305	285,465	354,478	428,248	496,643	574,495	641,702	711,965	794,990	878,520	921,099	989,212	677,308	228,971
over/(under) funded-total	(51,348)	(34,924)	(20,728)	(7,715)	3,552	13,816	21,955	28,734	34,506	38,508	38,760	38,864	19,097	(4,390)	410
" " " per unit	(2,445)	(1,663)	(987)	(367)	169	658	1,045	1,368	1,643	1,834	1,846	1,851	909	(209)	20

FOOTNOTES: (a) Interest income calculated on average balance less Federal & State income taxes of 39.3%
 (b) See "Reserve Expenditures By Year Schedule"
 (c) See "Component Accumulated Depreciation Analysis"

Rate: 1.0000%

FUNDING ILLUSTRATION #4 (assumption: contributions as necessary for 100% funding annually)
COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)

ILLUSTRATION ONLY - NOT RECOMMENDED

ANNUAL BASIS

DESCRIPTION	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031	1/1/2032	1/1/2033	1/1/2034	1/1/2035
RESERVE CONTRIBUTION	281,607	53,761	67,353	52,654	56,217	56,302	57,507	76,825	55,151	58,027	60,506	64,611	60,505	62,278	80,562
SPECIAL ASSESSMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME (a)	2,231	3,223	3,551	3,089	2,618	2,884	3,119	3,481	2,689	1,863	2,210	2,485	2,494	2,593	3,043
COMPONENT COSTS (b)	(2,835)	(10,983)	(9,041)	(269,785)	0	(30,389)	(11,862)	(9,764)	(389,317)	(723)	(7,472)	(31,772)	(95,342)	0	0
NET RCPTS/(DISBURSE)	281,003	46,002	61,863	(214,042)	58,835	28,797	48,764	70,542	(331,476)	59,166	55,244	35,324	(32,343)	64,871	83,605
CASH BALANCE: begin year	227,045	508,048	554,050	615,913	401,871	460,706	489,503	538,267	608,809	277,332	336,499	391,743	427,067	394,724	459,595
CASH BALANCE: end year	508,048	554,050	615,913	401,871	460,706	489,503	538,267	608,809	277,332	336,499	391,743	427,067	394,724	459,595	543,200
COMPONENT ACCUMULATED DEPRECIATION (c)	455,241	508,048	554,050	615,913	401,871	460,706	489,503	538,267	608,809	277,332	336,499	391,743	427,067	394,724	459,595
less: beginning cash bal	227,045	508,048	554,050	615,913	401,871	460,706	489,503	538,267	608,809	277,332	336,499	391,743	427,067	394,724	459,595
over/(under) funded-total	(228,196)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
" " " per unit	(10,866)	0	0	0	0	0	0	0	0	0	0	0	0	0	0

DESCRIPTION	1/1/2036	1/1/2037	1/1/2038	1/1/2039	1/1/2040	1/1/2041	1/1/2042	1/1/2043	1/1/2044	1/1/2045	1/1/2046	1/1/2047	1/1/2048	1/1/2049	1/1/2050
RESERVE CONTRIBUTION	61,774	64,095	65,361	67,179	68,246	70,425	71,829	72,873	74,671	78,433	78,581	98,391	101,981	73,645	77,099
SPECIAL ASSESSMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME (a)	2,420	1,701	2,029	2,388	2,754	3,142	3,537	3,916	4,352	4,845	5,226	5,622	5,013	2,763	1,623
COMPONENT COSTS (b)	(353,165)	(13,833)	(11,388)	(7,064)	(12,869)	(3,855)	(14,938)	(12,299)	0	0	(41,331)	(16,133)	(395,412)	(529,544)	(984)
NET RCPTS/(DISBURSE)	(288,972)	51,964	56,001	62,502	58,132	69,713	60,428	64,490	79,023	83,277	42,476	87,880	(288,418)	(453,137)	77,738
CASH BALANCE: begin year	543,200	254,229	306,192	362,193	424,696	482,828	552,540	612,969	677,459	756,482	839,759	882,235	970,115	681,697	228,561
CASH BALANCE: end year	254,229	306,192	362,193	424,696	482,828	552,540	612,969	677,459	756,482	839,759	882,235	970,115	681,697	228,561	306,299
COMPONENT ACCUMULATED DEPRECIATION (c)	543,200	254,229	306,192	362,193	424,696	482,828	552,540	612,969	677,459	756,482	839,759	882,235	970,115	681,697	228,561
less: beginning cash bal	543,200	254,229	306,192	362,193	424,696	482,828	552,540	612,969	677,459	756,482	839,759	882,235	970,115	681,697	228,561
over/(under) funded-total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
" " " per unit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

FOOTNOTES: (a) Interest income calculated on average balance less Federal & State income taxes of 39.3%
 (b) See "Reserve Expenditures By Year Schedule"
 (c) See "Component Accumulated Depreciation Analysis"

Rate: 1.0000%

RESERVE EXPENDITURES BY YEAR
COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)

1/1/2021 through 1/1/2035

EXPENDITURES	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031	1/1/2032	1/1/2033	1/1/2034	1/1/2035
ROOF/DECKS															
cap sheet roof	0	0	0	251,596	0	0	0	0	0	0	0	0	0	0	0
standing seam roof	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
skylights	0	0	0	0	0	0	0	0	0	0	0	0	62,420	0	0
STRUCTURE															
foundations/structural frame	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
structural pest control	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PAINT															
exterior flatwork	0	0	0	0	0	26,026	0	0	0	0	0	0	0	0	0
interior flatwork	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
doors	1,550	0	0	0	0	1,674	0	0	0	0	1,808	0	0	0	0
metal	0	0	8,610	0	0	0	0	9,299	0	0	0	0	10,042	0	0
parking stripes	0	3,605	0	0	0	0	3,894	0	0	0	0	4,204	0	0	0
curbs	1,150	0	0	0	0	1,242	0	0	0	0	1,341	0	0	0	0
ELECTRICAL															
fire alarm system	0	0	0	0	0	0	0	0	0	0	3,967	0	0	0	0
lighting-exterior	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
lighting-parking lot	0	0	0	0	0	0	0	0	0	0	0	18,060	0	0	0
LANDSCAPE/ HARDSCAPE															
asphalt seal coat	0	6,855	0	0	0	0	7,403	0	0	0	0	7,995	0	0	0
asphalt replacement	0	0	0	0	0	0	0	0	370,778	0	0	0	0	0	0
swales	0	0	0	0	0	0	0	0	0	0	0	0	18,340	0	0
concrete channel drain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
concrete flatwork	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
concrete block walls	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
irrigation controller	0	0	0	3,142	0	0	0	0	0	0	0	0	0	0	0
back flow preventers	0	0	0	2,200	0	0	0	0	0	0	0	0	0	0	0
major tree trimming/removal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
landscape remodel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MISCELLANEOUS															
mailboxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
signs	0	0	0	0	0	0	0	0	0	689	0	0	0	0	0
CONTINGENCY RESERVE	135	523	431	12,847	0	1,447	565	465	18,539	34	356	1,513	4,540	0	0
(5% / year of annual expenditures)															
TOTAL	2,835	10,983	9,041	269,785	0	30,389	11,862	9,764	389,317	723	7,472	31,772	95,342	0	0

RESERVE EXPENDITURES BY YEAR
COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)

1/1/2036 through 1/1/2050

EXPENDITURES	1/1/2036	1/1/2037	1/1/2038	1/1/2039	1/1/2040	1/1/2041	1/1/2042	1/1/2043	1/1/2044	1/1/2045	1/1/2046	1/1/2047	1/1/2048	1/1/2049	1/1/2050	TOTAL
ROOF/DECKS																
cap sheet roof	302,596	0	0	0	0	0	0	0	0	0	0	0	363,934	0	0	918,126
standing seam roof	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
skylights	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	62,420
STRUCTURE																
foundations/structural frame	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
structural pest control	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PAINT																
exterior flatwork	30,352	0	0	0	0	0	0	0	0	0	35,398	0	0	0	0	91,776
interior flatwork	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
doors	1,952	0	0	0	0	2,108	0	0	0	0	2,277	0	0	0	0	11,369
metal	0	0	10,846	0	0	0	0	11,713	0	0	0	0	12,649	0	0	63,159
parking stripes	0	4,539	0	0	0	0	4,902	0	0	0	0	5,294	0	0	0	26,438
curbs	1,448	0	0	0	0	1,563	0	0	0	0	1,688	0	0	0	0	8,432
ELECTRICAL																
fire alarm system	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,967
lighting-exterior	0	0	0	0	12,256	0	0	0	0	0	0	0	0	0	0	12,256
lighting-parking lot	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18,060
LANDSCAPE/ HARDSCAPE																
asphalt seal coat	0	8,635	0	0	0	0	9,325	0	0	0	0	10,071	0	0	0	50,284
asphalt replacement	0	0	0	0	0	0	0	0	0	0	0	0	0	504,328	0	875,106
swales	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18,340
concrete channel drain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
concrete flatwork	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
concrete block walls	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
irrigation controller	0	0	0	3,957	0	0	0	0	0	0	0	0	0	0	0	7,099
back flow preventers	0	0	0	2,771	0	0	0	0	0	0	0	0	0	0	0	4,971
major tree trimming/removal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
landscape remodel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MISCELLANEOUS																
mailboxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
signs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	937	1,626
CONTINGENCY RESERVE	16,817	659	542	336	613	184	711	586	0	0	1,968	768	18,829	25,216	47	108,671
(5% / year of annual expenditures)																
TOTAL	353,165	13,833	11,388	7,064	12,869	3,855	14,938	12,299	0	0	41,331	16,133	395,412	529,544	984	2,282,100

COMPONENT ACCUMULATED DEPRECIATION ANALYSIS
COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)

1/1/2021 through 1/1/2035

COMPONENT	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031	1/1/2032	1/1/2033	1/1/2034	1/1/2035
cap sheet roof															
Useful life	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Remaining life	3	2	1	0	11	10	9	8	7	6	5	4	3	2	1
Replacement cost	240,250	243,974	247,756	251,596	255,496	259,456	263,478	267,562	271,709	275,920	280,197	284,540	288,950	293,429	297,977
Accumulated depreciation	180,188	203,312	227,110	251,596	21,291	43,243	65,870	89,187	113,212	137,960	163,448	189,693	216,713	244,524	273,146
standing seam roof															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
skylights															
Useful life	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24
Remaining life	12	11	10	9	8	7	6	5	4	3	2	1	0	23	22
Replacement cost	51,900	52,704	53,521	54,351	55,193	56,048	56,917	57,799	58,695	59,605	60,529	61,467	62,420	63,388	64,371
Accumulated depreciation	25,950	28,548	31,221	33,969	36,795	39,701	42,688	45,758	48,913	52,154	55,485	58,906	62,420	2,641	5,364
foundations/structural frame															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
structural pest control															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
exterior flatwork															
Useful life	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Remaining life	5	4	3	2	1	0	9	8	7	6	5	4	3	2	1
Replacement cost	24,100	24,474	24,853	25,238	25,629	26,026	26,429	26,839	27,255	27,677	28,106	28,542	28,984	29,433	29,889
Accumulated depreciation	12,050	14,684	17,397	20,190	23,066	26,026	2,643	5,368	8,177	11,071	14,053	17,125	20,289	23,546	26,900
interior flatwork															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
doors															
Useful life	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Remaining life	0	4	3	2	1	0	4	3	2	1	0	4	3	2	1
Replacement cost	1,550	1,574	1,598	1,623	1,648	1,674	1,700	1,726	1,753	1,780	1,808	1,836	1,864	1,893	1,922
Accumulated depreciation	1,550	315	639	974	1,318	1,674	340	690	1,052	1,424	1,808	367	746	1,136	1,538
metal															
Useful life	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Remaining life	2	1	0	4	3	2	1	0	4	3	2	1	0	4	3
Replacement cost	8,350	8,479	8,610	8,743	8,879	9,017	9,157	9,299	9,443	9,589	9,738	9,889	10,042	10,198	10,356
Accumulated depreciation	5,010	6,783	8,610	1,749	3,552	5,410	7,326	9,299	1,889	3,836	5,843	7,911	10,042	2,040	4,142
parking stripes															
Useful life	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Remaining life	1	0	4	3	2	1	0	4	3	2	1	0	4	3	2
Replacement cost	3,550	3,605	3,661	3,718	3,776	3,835	3,894	3,954	4,015	4,077	4,140	4,204	4,269	4,335	4,402
Accumulated depreciation	2,840	3,605	732	1,487	2,266	3,068	3,894	791	1,606	2,446	3,312	4,204	854	1,734	2,641

**COMPONENT ACCUMULATED DEPRECIATION ANALYSIS
COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)**

1/1/2021 through 1/1/2035

COMPONENT	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031	1/1/2032	1/1/2033	1/1/2034	1/1/2035
curbs															
Useful life	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Remaining life	0	4	3	2	1	0	4	3	2	1	0	4	3	2	1
Replacement cost	1,150	1,168	1,186	1,204	1,223	1,242	1,261	1,281	1,301	1,321	1,341	1,362	1,383	1,404	1,426
Accumulated depreciation	1,150	234	474	722	978	1,242	252	512	781	1,057	1,341	272	553	842	1,141
fire alarm system															
Useful life	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Remaining life	10	9	8	7	6	5	4	3	2	1	0	19	18	17	16
Replacement cost	3,400	3,453	3,507	3,561	3,616	3,672	3,729	3,787	3,846	3,906	3,967	4,028	4,090	4,153	4,217
Accumulated depreciation	1,700	1,899	2,104	2,315	2,531	2,754	2,983	3,219	3,461	3,711	3,967	201	409	623	843
lighting-exterior															
Useful life	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Remaining life	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5
Replacement cost	9,150	9,292	9,436	9,582	9,731	9,882	10,035	10,191	10,349	10,509	10,672	10,837	11,005	11,176	11,349
Accumulated depreciation	458	929	1,415	1,916	2,433	2,965	3,512	4,076	4,657	5,255	5,870	6,502	7,153	7,823	8,512
lighting-parking lot															
Useful life	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
Remaining life	11	10	9	8	7	6	5	4	3	2	1	0	24	23	22
Replacement cost	15,250	15,486	15,726	15,970	16,218	16,469	16,724	16,983	17,246	17,513	17,784	18,060	18,340	18,624	18,913
Accumulated depreciation	8,540	9,292	10,065	10,860	11,677	12,516	13,379	14,266	15,176	16,112	17,073	18,060	734	1,490	2,270
asphalt seal coat															
Useful life	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Remaining life	1	0	4	3	2	1	0	4	3	2	1	0	4	3	2
Replacement cost	6,750	6,855	6,961	7,069	7,179	7,290	7,403	7,518	7,635	7,753	7,873	7,995	8,119	8,245	8,373
Accumulated depreciation	5,400	6,855	1,392	2,828	4,307	5,832	7,403	1,504	3,054	4,652	6,298	7,995	1,624	3,298	5,024
asphalt replacement															
Useful life	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Remaining life	8	7	6	5	4	3	2	1	0	19	18	17	16	15	14
Replacement cost	327,850	332,932	338,092	343,332	348,654	354,058	359,546	365,119	370,778	376,525	382,361	388,288	394,306	400,418	406,624
Accumulated depreciation	196,710	216,406	236,664	257,499	278,923	300,949	323,591	346,863	370,778	18,826	38,236	58,243	78,861	100,105	121,987
swales															
Useful life	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Remaining life	12	11	10	9	8	7	6	5	4	3	2	1	0	29	28
Replacement cost	15,250	15,486	15,726	15,970	16,218	16,469	16,724	16,983	17,246	17,513	17,784	18,060	18,340	18,624	18,913
Accumulated depreciation	9,150	9,808	10,484	11,179	11,893	12,626	13,379	14,153	14,947	15,762	16,598	17,458	18,340	621	1,261
concrete channel drain															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
concrete flatwork															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
concrete block walls															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**COMPONENT ACCUMULATED DEPRECIATION ANALYSIS
COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)**

1/1/2021 through 1/1/2035

COMPONENT	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030	1/1/2031	1/1/2032	1/1/2033	1/1/2034	1/1/2035
irrigation controller															
Useful life	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Remaining life	3	2	1	0	14	13	12	11	10	9	8	7	6	5	4
Replacement cost	3,000	3,047	3,094	3,142	3,191	3,240	3,290	3,341	3,393	3,446	3,499	3,553	3,608	3,664	3,721
Accumulated depreciation	2,400	2,641	2,888	3,142	213	432	658	891	1,131	1,378	1,633	1,895	2,165	2,443	2,729
back flow preventers															
Useful life	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Remaining life	3	2	1	0	14	13	12	11	10	9	8	7	6	5	4
Replacement cost	2,100	2,133	2,166	2,200	2,234	2,269	2,304	2,340	2,376	2,413	2,450	2,488	2,527	2,566	2,606
Accumulated depreciation	1,680	1,849	2,022	2,200	149	303	461	624	792	965	1,143	1,327	1,516	1,711	1,911
major tree trimming/removal															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
landscape remodel															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
mailboxes															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
signs															
Useful life	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Remaining life	9	8	7	6	5	4	3	2	1	0	19	18	17	16	15
Replacement cost	600	609	618	628	638	648	658	668	678	689	700	711	722	733	744
Accumulated depreciation	330	365	402	440	479	518	559	601	644	689	35	71	108	147	186
Contingency - 5%	135	523	431	12,847	0	1,447	565	465	18,539	34	356	1,513	4,540	0	0
TOTAL Accumulated depreciation	455,241	508,048	554,050	615,913	401,871	460,706	489,503	538,267	608,809	277,332	336,499	391,743	427,067	394,724	459,595

COMPONENT ACCUMULATED DEPRECIATION ANALYSIS
COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)

1/1/2036 through 1/1/2050

COMPONENT	1/1/2036	1/1/2037	1/1/2038	1/1/2039	1/1/2040	1/1/2041	1/1/2042	1/1/2043	1/1/2044	1/1/2045	1/1/2046	1/1/2047	1/1/2048	1/1/2049	1/1/2050
cap sheet roof															
Useful life	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Remaining life	0	11	10	9	8	7	6	5	4	3	2	1	0	11	10
Replacement cost	302,596	307,286	312,049	316,886	321,798	326,786	331,851	336,995	342,218	347,522	352,909	358,379	363,934	369,575	375,303
Accumulated depreciation	302,596	25,607	52,008	79,222	107,266	136,161	165,926	196,580	228,145	260,642	294,091	328,514	363,934	30,798	62,551
standing seam roof															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
skylights															
Useful life	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24
Remaining life	21	20	19	18	17	16	15	14	13	12	11	10	9	8	7
Replacement cost	65,369	66,382	67,411	68,456	69,517	70,595	71,689	72,800	73,928	75,074	76,238	77,420	78,620	79,839	81,077
Accumulated depreciation	8,171	11,064	14,044	17,114	20,276	23,532	26,883	30,333	33,884	37,537	41,296	45,162	49,138	53,226	57,430
foundations/structural frame															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
structural pest control															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
exterior flatwork															
Useful life	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Remaining life	0	9	8	7	6	5	4	3	2	1	0	9	8	7	6
Replacement cost	30,352	30,822	31,300	31,785	32,278	32,778	33,286	33,802	34,326	34,858	35,398	35,947	36,504	37,070	37,645
Accumulated depreciation	30,352	3,082	6,260	9,536	12,911	16,389	19,972	23,661	27,461	31,372	35,398	3,595	7,301	11,121	15,058
interior flatwork															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
doors															
Useful life	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Remaining life	0	4	3	2	1	0	4	3	2	1	0	4	3	2	1
Replacement cost	1,952	1,982	2,013	2,044	2,076	2,108	2,141	2,174	2,208	2,242	2,277	2,312	2,348	2,384	2,421
Accumulated depreciation	1,952	396	805	1,226	1,661	2,108	428	870	1,325	1,794	2,277	462	939	1,430	1,937
metal															
Useful life	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Remaining life	2	1	0	4	3	2	1	0	4	3	2	1	0	4	3
Replacement cost	10,517	10,680	10,846	11,014	11,185	11,358	11,534	11,713	11,895	12,079	12,266	12,456	12,649	12,845	13,044
Accumulated depreciation	6,310	8,544	10,846	2,203	4,474	6,815	9,227	11,713	2,379	4,832	7,360	9,965	12,649	2,569	5,218
parking stripes															
Useful life	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Remaining life	1	0	4	3	2	1	0	4	3	2	1	0	4	3	2
Replacement cost	4,470	4,539	4,609	4,680	4,753	4,827	4,902	4,978	5,055	5,133	5,213	5,294	5,376	5,459	5,544
Accumulated depreciation	3,576	4,539	922	1,872	2,852	3,862	4,902	996	2,022	3,080	4,170	5,294	1,075	2,184	3,326

**COMPONENT ACCUMULATED DEPRECIATION ANALYSIS
COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)**

1/1/2036 through 1/1/2050

COMPONENT	1/1/2036	1/1/2037	1/1/2038	1/1/2039	1/1/2040	1/1/2041	1/1/2042	1/1/2043	1/1/2044	1/1/2045	1/1/2046	1/1/2047	1/1/2048	1/1/2049	1/1/2050
curbs															
Useful life	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Remaining life	0	4	3	2	1	0	4	3	2	1	0	4	3	2	1
Replacement cost	1,448	1,470	1,493	1,516	1,539	1,563	1,587	1,612	1,637	1,662	1,688	1,714	1,741	1,768	1,795
Accumulated depreciation	1,448	294	597	910	1,231	1,563	317	645	982	1,330	1,688	343	696	1,061	1,436
fire alarm system															
Useful life	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Remaining life	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1
Replacement cost	4,282	4,348	4,415	4,483	4,552	4,623	4,695	4,768	4,842	4,917	4,993	5,070	5,149	5,229	5,310
Accumulated depreciation	1,071	1,304	1,545	1,793	2,048	2,312	2,582	2,861	3,147	3,442	3,745	4,056	4,377	4,706	5,045
lighting-exterior															
Useful life	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Remaining life	4	3	2	1	0	19	18	17	16	15	14	13	12	11	10
Replacement cost	11,525	11,704	11,885	12,069	12,256	12,446	12,639	12,835	13,034	13,236	13,441	13,649	13,861	14,076	14,294
Accumulated depreciation	9,220	9,948	10,697	11,466	12,256	622	1,264	1,925	2,607	3,309	4,032	4,777	5,544	6,334	7,147
lighting-parking lot															
Useful life	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
Remaining life	21	20	19	18	17	16	15	14	13	12	11	10	9	8	7
Replacement cost	19,206	19,504	19,806	20,113	20,425	20,742	21,064	21,390	21,722	22,059	22,401	22,748	23,101	23,459	23,823
Accumulated depreciation	3,073	3,901	4,753	5,632	6,536	7,467	8,426	9,412	10,427	11,471	12,545	13,649	14,785	15,952	17,153
asphalt seal coat															
Useful life	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Remaining life	1	0	4	3	2	1	0	4	3	2	1	0	4	3	2
Replacement cost	8,503	8,635	8,769	8,905	9,043	9,183	9,325	9,470	9,617	9,766	9,917	10,071	10,227	10,386	10,547
Accumulated depreciation	6,802	8,635	1,754	3,562	5,426	7,346	9,325	1,894	3,847	5,860	7,934	10,071	2,045	4,154	6,328
asphalt replacement															
Useful life	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Remaining life	13	12	11	10	9	8	7	6	5	4	3	2	1	0	19
Replacement cost	412,927	419,327	425,827	432,427	439,130	445,937	452,849	459,868	466,996	474,234	481,585	489,050	496,630	504,328	512,145
Accumulated depreciation	144,524	167,731	191,622	216,214	241,522	267,562	294,352	321,908	350,247	379,387	409,347	440,145	471,799	504,328	25,607
swales															
Useful life	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Remaining life	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13
Replacement cost	19,206	19,504	19,806	20,113	20,425	20,742	21,064	21,390	21,722	22,059	22,401	22,748	23,101	23,459	23,823
Accumulated depreciation	1,921	2,601	3,301	4,023	4,766	5,531	6,319	7,130	7,965	8,824	9,707	10,616	11,551	12,511	13,500
concrete channel drain															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
concrete flatwork															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
concrete block walls															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**COMPONENT ACCUMULATED DEPRECIATION ANALYSIS
COMMERCIAL OWNERS ASSOCIATION (SAMPLE ONLY)**

1/1/2036 through 1/1/2050

COMPONENT	1/1/2036	1/1/2037	1/1/2038	1/1/2039	1/1/2040	1/1/2041	1/1/2042	1/1/2043	1/1/2044	1/1/2045	1/1/2046	1/1/2047	1/1/2048	1/1/2049	1/1/2050
irrigation controller															
Useful life	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Remaining life	3	2	1	0	14	13	12	11	10	9	8	7	6	5	4
Replacement cost	3,779	3,838	3,897	3,957	4,018	4,080	4,143	4,207	4,272	4,338	4,405	4,473	4,542	4,612	4,683
Accumulated depreciation	3,023	3,326	3,637	3,957	268	544	829	1,122	1,424	1,735	2,056	2,386	2,725	3,075	3,434
back flow preventers															
Useful life	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Remaining life	3	2	1	0	14	13	12	11	10	9	8	7	6	5	4
Replacement cost	2,646	2,687	2,729	2,771	2,814	2,858	2,902	2,947	2,993	3,039	3,086	3,134	3,183	3,232	3,282
Accumulated depreciation	2,117	2,329	2,547	2,771	188	381	580	786	998	1,216	1,440	1,671	1,910	2,155	2,407
major tree trimming/removal															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
landscape remodel															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
mailboxes															
Useful life	n/a														
Remaining life	n/a														
Replacement cost	n/a														
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
signs															
Useful life	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Remaining life	14	13	12	11	10	9	8	7	6	5	4	3	2	1	0
Replacement cost	756	768	780	792	804	816	829	842	855	868	881	895	909	923	937
Accumulated depreciation	227	269	312	356	402	449	497	547	599	651	705	761	818	877	937
Contingency - 5%	16,817	659	542	336	613	184	711	586	0	0	1,968	768	18,829	25,216	47
TOTAL Accumulated depreciation	543,200	254,229	306,192	362,193	424,696	482,828	552,540	612,969	677,459	756,482	839,759	882,235	970,115	681,697	228,561

CONDITION ASSESSMENT

This **Condition Assessment** is an evaluation of those major components that are subject to deterioration at a predictable rate and within a thirty (30) year projection of the study. A threshold of \$500 has been utilized in this report, and therefore any component with an average cost of less than that would be presumed to be funded from the operating account. Those elements with anticipated life expectancies of more than thirty (30) years (i.e. concrete surfaces, building superstructures, sewers, main electrical systems etc.) have, for the purposes of this study been defined as "lifetime components".

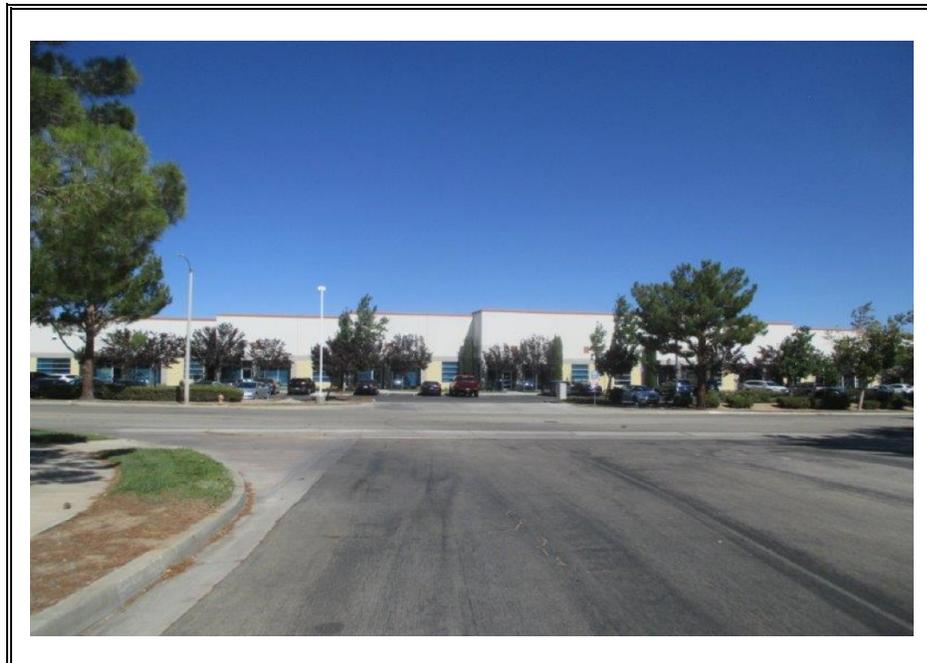
Estimated life expectancies and life cycles are based upon conditions that were readily visible and accessible at the time of the survey (which involved no destructive or intrusive methods of examination). RSI's field personnel access as many common areas as practicable. However, some random evaluation procedures were inevitable (i.e. not every square foot of roofing was inspected, and in the case of multiplicity of components, at least 25% were randomly observed). Only limited evaluations (i.e. less than 10% were made of exclusive use common areas, as these could only be properly accessed via the "separate interests". All quantities, types, and descriptions of components, where practical, were verified by field observation. Although the survey may identify design and/or installation deficiencies with certain components, this is done so in a limited manner. It is not the intent of this report to provide a comprehensive listing of construction deficiencies. If the association has concerns with regards to such matters, the advice of appropriately qualified specialists should be sought. The survey also relies upon the Association's CC & R's and information supplied by other parties, which may have included one or more of the following: the association's community manager; the board of directors; owners/occupants; contractors; and specialist consultants. The results are based upon the experience of the inspector, contractor bids and published cost estimating information (with local adjustment factors).

Invariably some assumptions must be made in the compilation of this type of report. Anticipated events may not materialize, and unpredictable circumstances could well occur. This report should only be considered as a tool for assistance in compilation of the association's budget and not as an all-encompassing prediction of future events. Rates of deterioration and repair/replacement costs frequently vary, and such variations could significantly affect the content of the study. It is therefore imperative that the study be updated on a yearly basis and that a Condition Assessment be performed at least every 3 years.

DATE OF SURVEY: January 5, 2020

INSPECTOR(S): Scott Clements

OTHERS PRESENT: None



COMMERCIAL OWNERS ASSOCIATION

CATEGORY:	ROOF/DECKS	
COMPONENT(S):	CAP SHEET ROOF	ID#(S) 0101



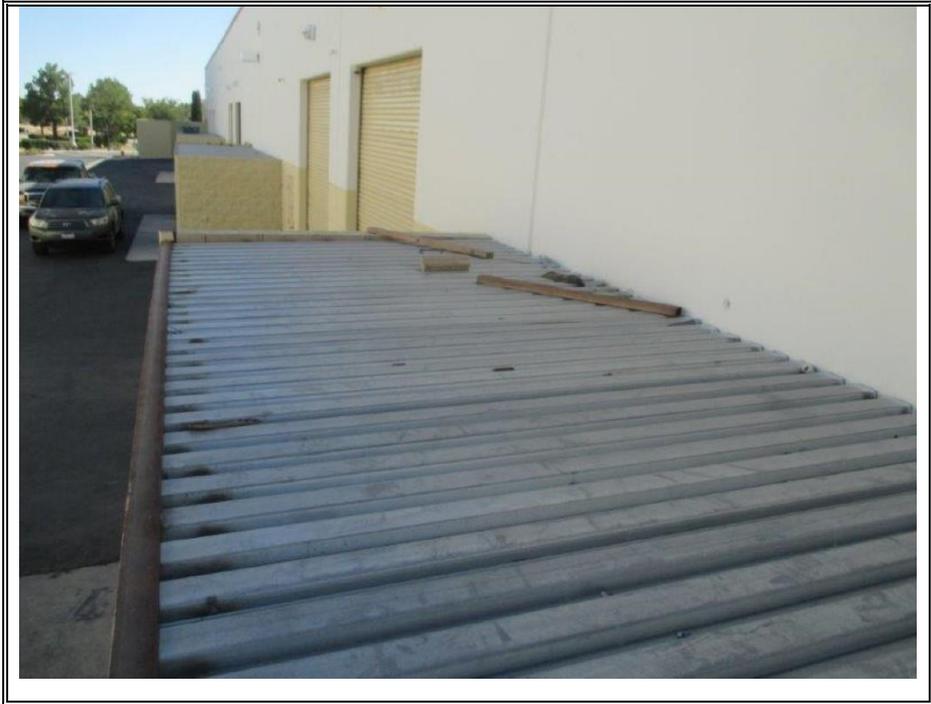
CAP SHEET ROOF (TYPICAL)

OBSERVATIONS: *This component includes the cap-sheet roofing (flat) on each building. Conditions varied and for reporting purposes the remaining lives have been averaged. On this type of structure, 2 layers are generally permitted. However, if the association should decide to re-roof over the existing roofing, experience dictates that the typical useful life of the new materials would be reduced by approximately one third (33%). The average component cost and typical useful life reflects removal of the existing roofing prior to the installation of the new roofing.*

TYPICAL USEFUL LIFE:	12 YEAR(S)
ESTIMATED REMAINING LIFE:	3 YEAR(S)
AVERAGE COMPONENT COST:	\$ 240,250

TO PROTECT YOUR INVESTMENT: *Periodic maintenance should include an examination for, and resealing of any separated laps and seams. All flashings should also be regularly examined and resealed as necessary. Any roof drains should be maintained in a clean and operational condition at all times to prevent damming, water retention and associated leakage. A maintenance contract with a licensed roofing contractor is strongly recommended.*

CATEGORY:	ROOF/DECKS	
COMPONENT(S):	STANDING SEAM ROOF	ID#(S) 0102



STANDING SEAM ROOF (TYPICAL)

OBSERVATIONS: *This component includes the standing seam galvanized roofing (sloped/metal) over the trash enclosures. It would typically have a life expectancy in excess of 30 years and therefore no amount has been budgeted for its replacement at this time.*

TYPICAL USEFUL LIFE:	30+ YEAR(S)
ESTIMATED REMAINING LIFE:	30+ YEAR(S)
AVERAGE COMPONENT COST:	\$ 0

TO PROTECT YOUR INVESTMENT: *Little by way of maintenance can be performed for this component other than eventual painting. As the painting cycle would be somewhat unpredictable, it is recommended that the situation be monitored and funds for painting (when necessary) be supplied from the Contingency Reserve.*

CATEGORY: ROOF/DECKS

COMPONENT(S): SKYLIGHTS

ID#(S) 0103



SKYLIGHTS (TYPICAL)

OBSERVATIONS: *This component includes the Plexiglas skylights. They appeared to be in average condition.*

TYPICAL USEFUL LIFE:	24 YEAR(S)
ESTIMATED REMAINING LIFE:	12 YEAR(S)
AVERAGE COMPONENT COST:	\$ 51,900

TO PROTECT YOUR INVESTMENT: *The skylights should be re-caulked on an as-needed basis to prevent leakage (minor expenditure – operating cost).*

CATEGORY:	STRUCTURE	
COMPONENT(S):	FOUNDATIONS/STRUCTURAL FRAME	ID#(S) 0201



FOUNDATIONS/STRUCTURAL FRAME (TYPICAL)

OBSERVATIONS: *This component includes the foundations and structural frame, along with the exterior surfaces. We were informed of repairs to wall cracks in 2016. Provided there are no major catastrophes, the proper drainage principles are maintained and that structural pest control procedures are adhered to (see component ID #0202), this would normally be considered to be a lifetime component for which no reserve budget would be called for.*

TYPICAL USEFUL LIFE:	30+ YEAR(S)
ESTIMATED REMAINING LIFE:	30+ YEAR(S)
AVERAGE COMPONENT COST:	\$ 0

TO PROTECT YOUR INVESTMENT: *It is important that all grade levels be maintained 4-6 inches below the lowest edge of the structural frame. In addition, all grading should be properly sloped away from the structures for drainage and all downspouts should discharge onto hardscape areas or splash blocks such that rainwater is directed away from the structures.*

CATEGORY:	STRUCTURE	
COMPONENT(S):	STRUCTURAL PEST CONTROL	ID#(S) 0202



STRUCTURAL PEST CONTROL (TYPICAL)

OBSERVATIONS: *This component addresses the need for fumigation of each building. When and where an infestation of wood destroying pests or organisms occurs, and how severe the infestation will be, is difficult to predict. The California Department of Real Estate (DRE) suggests that annual inspections be performed to discover any infestation in its early stages before it becomes a serious problem. As these buildings have been primarily constructed of concrete and steel, no funding for complete fumigation has been provided. It is recommended that any necessary treatments be funded on an as-needed basis from the operating account. It is also suggested that the association seek the services of a licensed pest control operator for further evaluation and recommendations.*

TYPICAL USEFUL LIFE:	30+ YEAR(S)
ESTIMATED REMAINING LIFE:	30+ YEAR(S)
AVERAGE COMPONENT COST:	\$ 0

TO PROTECT YOUR INVESTMENT: *It is suggested that a regular and on-going maintenance program be established with a reputable licensed pest control operator. Such a program can minimize the necessity for fumigation. In addition, loose or cracked siding or stucco, peeling paint and gaps at trim around windows and doors should be repaired accordingly as to prevent moisture from making its way into the framing and providing an environment for termite infestation, fungus, and/or mold. It is recommended that planned inspection(s) be performed prior to repainting being done in order to identify & correct/repair these situations. Other situations that should be monitored with respect to termite infestation include low foundation walls, cracks in foundation walls, leaking pipes, over-watered landscape surrounding the structure, and damaged or nonexistent gutters and downspouts that discharge near the perimeter of the structures.*

CATEGORY:	<i>PAIN</i>	
COMPONENT(S):	<i>EXTERIOR FLATWORK</i>	ID#(S) 0301



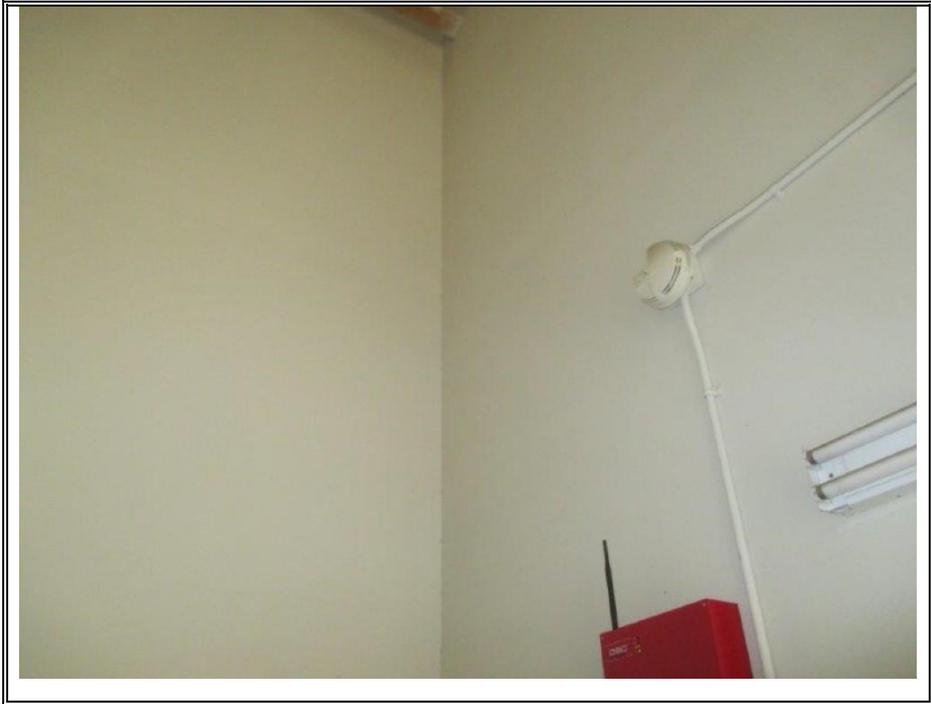
EXTERIOR FLATWORK (TYPICAL)

OBSERVATIONS: *This component includes the painted concrete surfaces on the buildings and the block walls. We were informed they were painted in 2014 and they appeared to be in average condition.*

TYPICAL USEFUL LIFE:	10 YEAR(S)
ESTIMATED REMAINING LIFE:	5 YEAR(S)
AVERAGE COMPONENT COST:	\$ 24,100

TO PROTECT YOUR INVESTMENT: *Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if required.*

CATEGORY:	<i>PAIN</i>	
COMPONENT(S):	<i>INTERIOR FLATWORK</i>	ID#(S) 0302



INTERIOR FLATWORK (TYPICAL)

OBSERVATIONS: *This component includes the painted surfaces of the interior of the electrical rooms. They appeared to be in average condition. It is recommended that painting be performed on an as-needed basis and funded from the operating account.*

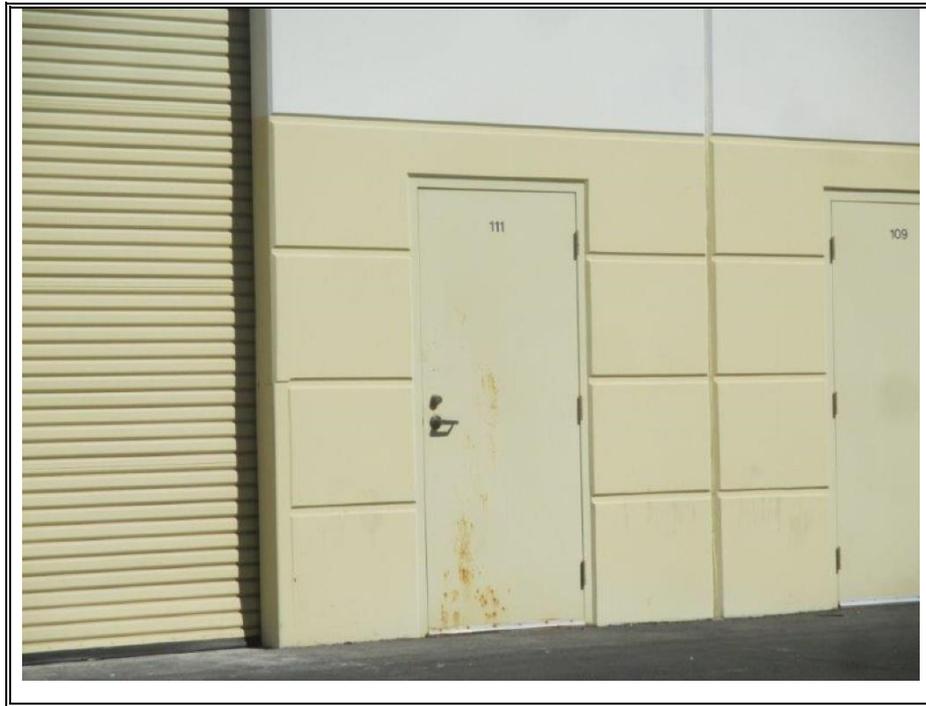
TYPICAL USEFUL LIFE:	<i>N/A YEAR(S)</i>
ESTIMATED REMAINING LIFE:	<i>N/A YEAR(S)</i>
AVERAGE COMPONENT COST:	<i>\$ 0</i>

TO PROTECT YOUR INVESTMENT: *Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials. In addition, all openings of windows and doors should be examined prior to painting and re-caulked if required.*

CATEGORY: PAINT

COMPONENT(S): DOORS

ID#(S) 0303



DOORS (TYPICAL)

OBSERVATIONS: *This component includes the painted surfaces of the exteriors of the individual unit doors as well as both sides of the common area doors. We were informed they were painted in 2014 and they appeared to be in an aged condition.*

TYPICAL USEFUL LIFE:	5 YEAR(S)
ESTIMATED REMAINING LIFE:	0 YEAR(S)
AVERAGE COMPONENT COST:	\$ 1,550

TO PROTECT YOUR INVESTMENT: *Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, protection of the underlying component and prevention of termite infestation. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials.*

CATEGORY: PAINT

COMPONENT(S): METAL

ID#(S) 0304



METAL (TYPICAL)

OBSERVATIONS: *This component includes the painted surfaces of the exterior metal trash bins and roll-up doors. We were informed they were painted in 2014 and they appeared to be in varied conditions. For reporting purposes, the remaining lives have been averaged.*

TYPICAL USEFUL LIFE:	5 YEAR(S)
ESTIMATED REMAINING LIFE:	2 YEAR(S)
AVERAGE COMPONENT COST:	\$ 8,350

TO PROTECT YOUR INVESTMENT: *Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance, and for protection of the underlying component. All peeling paint should be sanded / scraped and bare areas properly primed prior to any finish paint. Any splits and cracks should be sealed with appropriate materials.*

CATEGORY:	<i>PAINT</i>	
COMPONENT(S):	<i>PARKING STRIPES</i>	ID#(S) 0305



PARKING STRIPES (TYPICAL)

OBSERVATIONS: *This component includes the painted parking stripes that delineate the individual parking spaces at the parking lot. We were informed they were painted in 2014 and they appeared to be in varied conditions. For reporting purposes, the remaining lives have been averaged.*

TYPICAL USEFUL LIFE:	5 YEAR(S)
ESTIMATED REMAINING LIFE:	1 YEAR(S)
AVERAGE COMPONENT COST:	\$ 3,550

TO PROTECT YOUR INVESTMENT: *Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance. All peeling paint should be sanded / scraped prior to any finish paint.*

CATEGORY: PAINT

COMPONENT(S): CURBS

ID#(S) 0306



CURBS (TYPICAL)

OBSERVATIONS: *This component includes the painted red curbs at the parking lot. We were informed they were painted in 2014 and they appeared to be in an aged condition.*

TYPICAL USEFUL LIFE:	5 YEAR(S)
ESTIMATED REMAINING LIFE:	0 YEAR(S)
AVERAGE COMPONENT COST:	\$ 1,150

TO PROTECT YOUR INVESTMENT: *Cleaning and periodic "touch-up" of peeling and damaged surfaces is recommended for appearance. All peeling paint should be sanded / scraped prior to any finish paint.*

CATEGORY:	<i>ELECTRICAL</i>	
COMPONENT(S):	<i>FIRE ALARM SYSTEM</i>	ID#(S) 0401



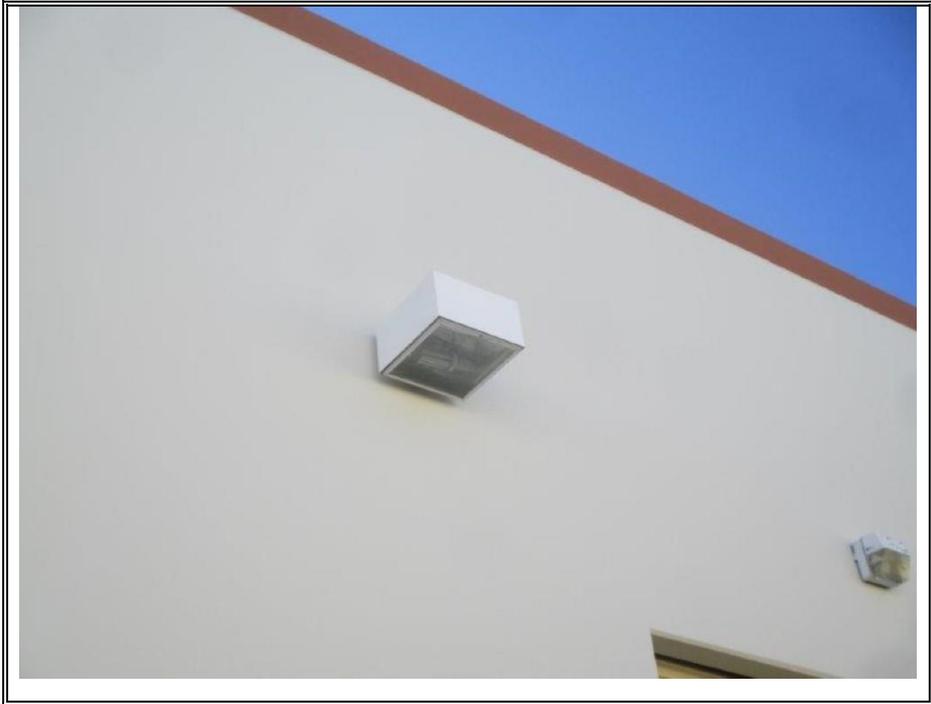
FIRE ALARM SYSTEM (TYPICAL)

OBSERVATIONS: *This component includes the fire alarm systems in the utility room of each building. We were informed one was replaced in 2018 and, as conditions varied, for reporting purposes their remaining lives have been averaged.*

TYPICAL USEFUL LIFE:	20 YEAR(S)
ESTIMATED REMAINING LIFE:	10 YEAR(S)
AVERAGE COMPONENT COST:	\$ 3,400

TO PROTECT YOUR INVESTMENT: *Little by way of maintenance can be performed for this component. However, it should be professionally inspected on a regular (suggested annual) basis.*

CATEGORY:	<i>ELECTRICAL</i>	
COMPONENT(S):	<i>LIGHTING-EXTERIOR</i>	ID#(S) 0402



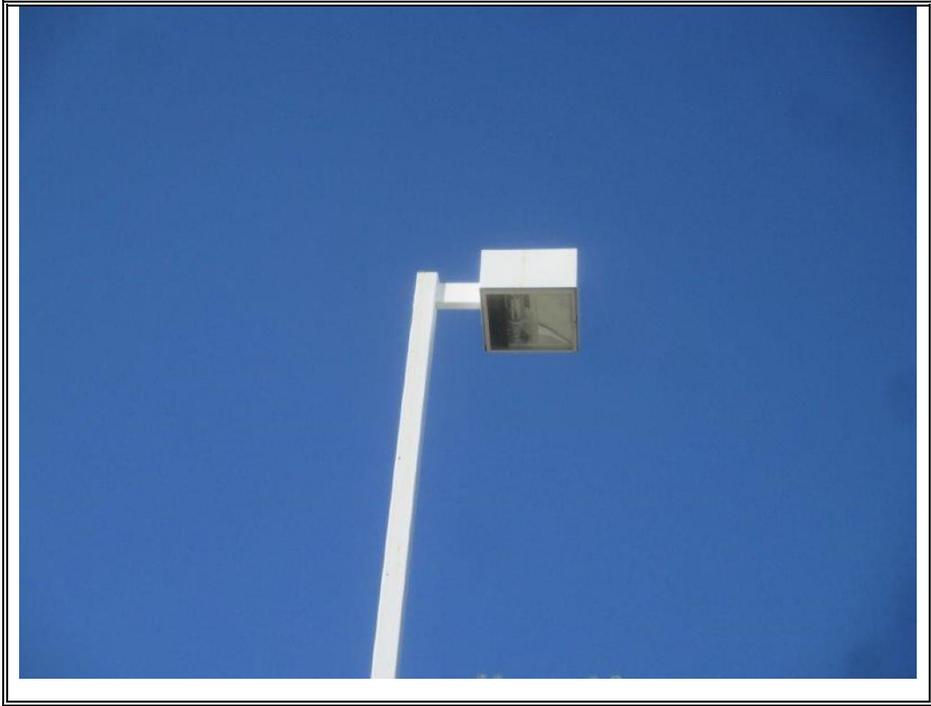
LIGHTING-EXTERIOR (TYPICAL)

OBSERVATIONS: *This component includes the various sized light fixtures at the exterior of each building. Inspection was limited (viewed from a distance) however, we were informed they were converted to LED in 2018 and they appeared to be in good condition. The external location of these fixtures usually makes them subject to a greater rate of deterioration due to exposure to the elements. Also, it is often desirable to replace these fixtures as they eventually become dated and/or more energy efficient options become available.*

TYPICAL USEFUL LIFE:	20 YEAR(S)
ESTIMATED REMAINING LIFE:	19 YEAR(S)
AVERAGE COMPONENT COST:	\$ 9,150

TO PROTECT YOUR INVESTMENT: *Maintenance would entail periodically checking the fixtures to make sure that they are secure. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.*

CATEGORY:	<i>ELECTRICAL</i>	
COMPONENT(S):	<i>LIGHTING-PARKING LOT</i>	ID#(S) 0403



LIGHTING-PARKING LOT (TYPICAL)

OBSERVATIONS: *This component includes the box-type pole light fixtures at the parking lot. They appeared to be in good condition for their age. These types of fixtures are typically subject to a greater level of deterioration from the elements.*

TYPICAL USEFUL LIFE:	25 YEAR(S)
ESTIMATED REMAINING LIFE:	11 YEAR(S)
AVERAGE COMPONENT COST:	\$ 15,250

TO PROTECT YOUR INVESTMENT: *Maintenance would entail periodically checking the fixtures to make sure that they are secure. Also, occasional examination for, and changing of burned out bulbs would be prudent. In addition, cleaning of the fixtures is recommended on an as-needed basis.*

CATEGORY:	LANDSCAPE/HARDSCAPE	
COMPONENT(S):	ASPHALT SEAL COAT	ID#(S) 0501



ASPHALT SEAL COAT (TYPICAL)

OBSERVATIONS: *This component includes the seal coat for the parking lot. We were informed it was applied in 2014 and it appeared to be in an average condition for its age. While a relatively inexpensive procedure, the seal coat serves to enhance the longevity of the underlying asphalt as well as its appearance by replenishing the oil and fine aggregates of the underlying asphalt. It is important that this procedure always be undertaken within 6 months of any overlay or resurfacing and performed thereafter on a 3 – 5 year cycle (typically a warranty requirement). See component ID #0502 for further comments.*

TYPICAL USEFUL LIFE:	5 YEAR(S)
ESTIMATED REMAINING LIFE:	1 YEAR(S)
AVERAGE COMPONENT COST:	\$ 6,750

TO PROTECT YOUR INVESTMENT: *All asphalt areas should be examined at least annually and any cracks exceeding ¼ inch should be repaired with a rubberized sealant compound. Irrigation run-off can accelerate degradation and should be prevented / diverted.*

CATEGORY:	LANDSCAPE/HARDSCAPE	
COMPONENT(S):	ASPHALT REPLACEMENT	ID#(S) 0502



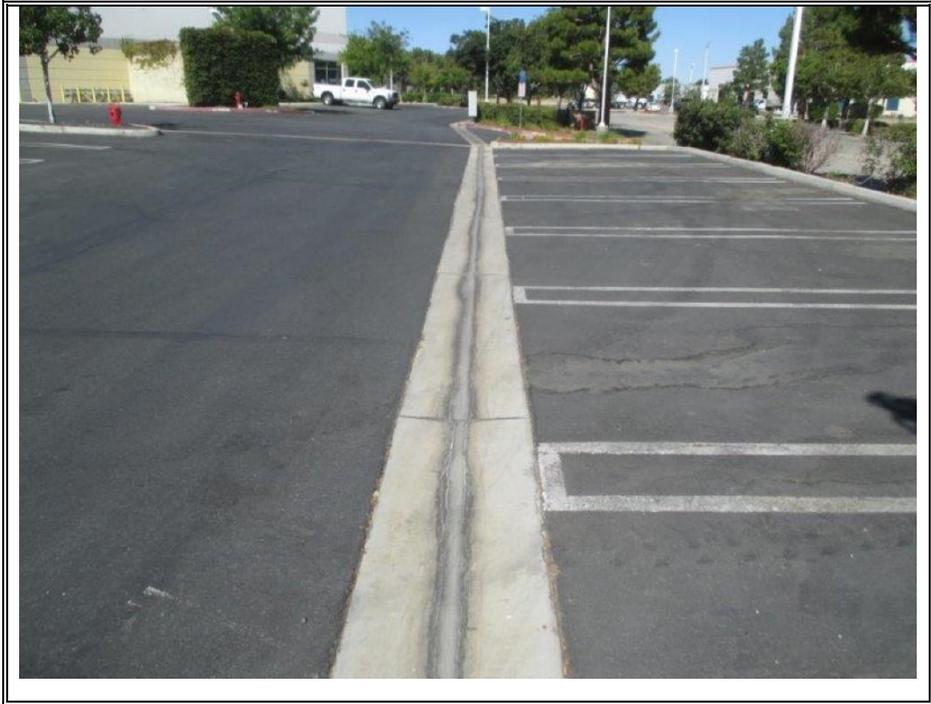
ASPHALT REPLACEMENT (TYPICAL)

OBSERVATIONS: *This component provides for replacement of the asphalt surfaces described in component ID #0501. The surfaces appeared to be in an aging condition. Aging, oxidation, and vehicle traffic eventually cause cracking, ponding and uneven pavement. Such surface irregularities may result in improper drainage and compromised driving surfaces. Asphalt replacement entails removal of the existing pavement, grading and compaction of the existing aggregate base material, and the installation of hot asphalt pavement. It is recommended that pavement engineering be obtained prior to replacement in order to guarantee that new pavement specifications will meet or exceed the needs of the common area pavement. In conjunction with replacement, seal coat should be performed within 6 months and then at 3 – 5 year intervals thereafter (see component ID #0501). It is recommended that prior to replacement, further evaluation be obtained from a soils/geotechnical engineer.*

TYPICAL USEFUL LIFE:	20 YEAR(S)
ESTIMATED REMAINING LIFE:	8 YEAR(S)
AVERAGE COMPONENT COST:	\$ 327,850

TO PROTECT YOUR INVESTMENT: *All asphalt areas should be examined at least annually and any cracks exceeding ¼ inch should be repaired with a rubberized sealant compound. Irrigation run-off can accelerate degradation and should be prevented / diverted.*

CATEGORY:	LANDSCAPE/HARDSCAPE	
COMPONENT(S):	SWALES	ID#(S) 0503



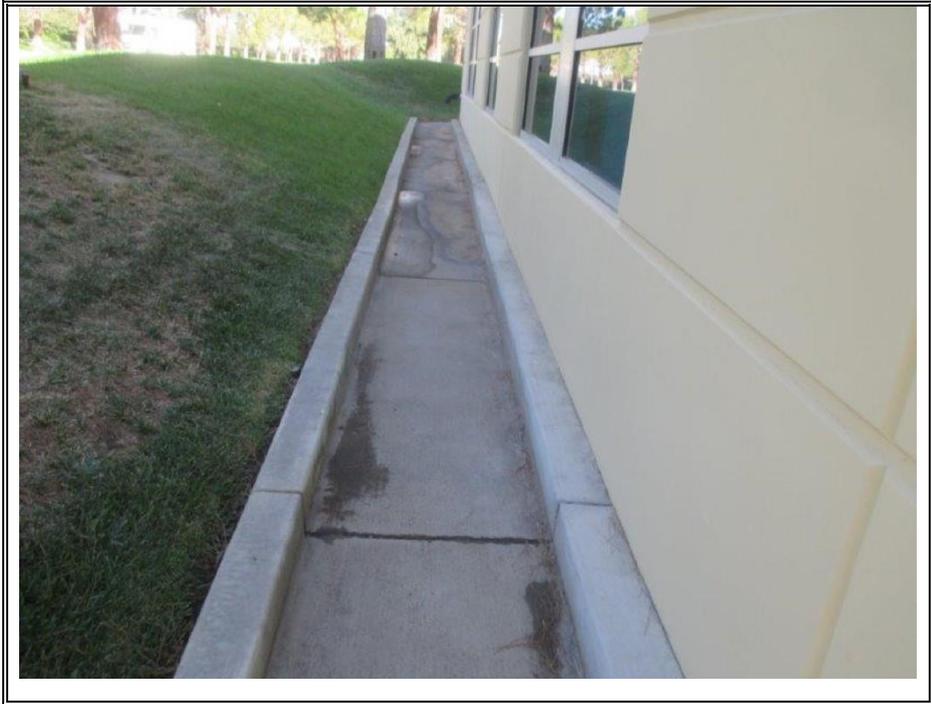
SWALES (TYPICAL)

OBSERVATIONS: *This component includes the concrete "V" drains (swales) in the asphalt parking area. They appeared to be in average condition. However, cracks and poor drainage can result in water undermining both the swales and asphalt with associated failures. It is recommended that replacement be coordinated with replacement of the asphalt.*

TYPICAL USEFUL LIFE:	30 YEAR(S)
ESTIMATED REMAINING LIFE:	12 YEAR(S)
AVERAGE COMPONENT COST:	\$ 15,250

TO PROTECT YOUR INVESTMENT: *It is essential to regularly repair/seal any cracks in the concrete.*

CATEGORY:	LANDSCAPE/HARDSCAPE	
COMPONENT(S):	CONCRETE CHANNEL DRAIN	ID#(S) 0504



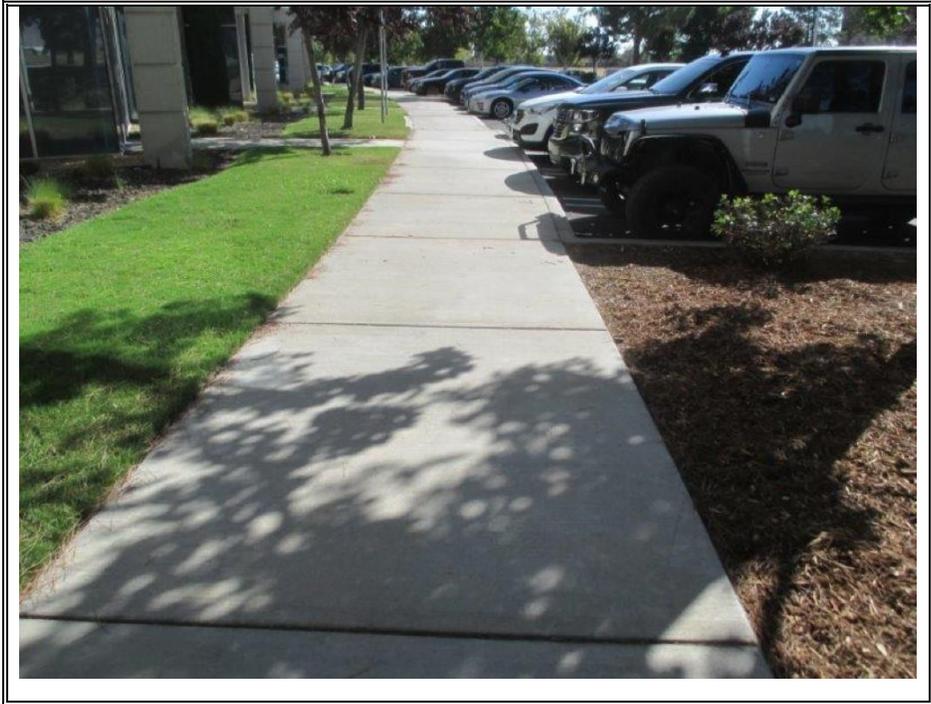
CONCRETE CHANNEL DRAIN (TYPICAL)

OBSERVATIONS: *This component includes the concrete channel drain on the west side of building 32913, which serves to divert water runoff to the parking lot swales and away from the adjoining building. It appeared to be in good condition, and for purposes of reporting would be considered to be a lifetime component*

TYPICAL USEFUL LIFE:	30+ YEAR(S)
ESTIMATED REMAINING LIFE:	30+ YEAR(S)
AVERAGE COMPONENT COST:	\$ 0

TO PROTECT YOUR INVESTMENT: *It is essential to regularly repair/seal any cracks in the concrete.*

CATEGORY:	LANDSCAPE/HARDSCAPE	
COMPONENT(S):	CONCRETE FLATWORK	ID#(S) 0505



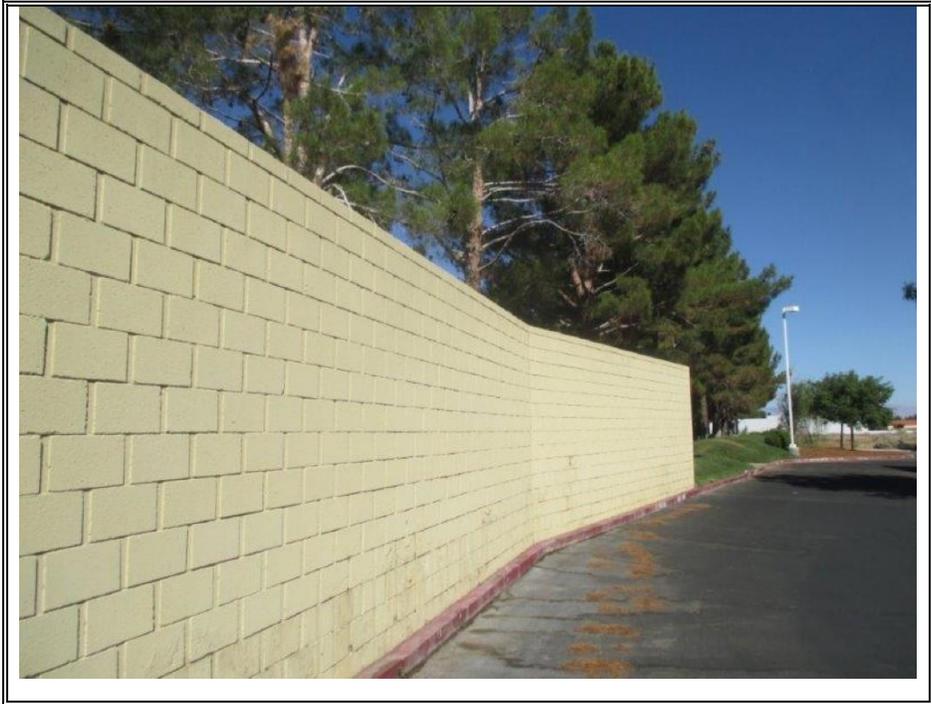
CONCRETE FLATWORK (TYPICAL)

OBSERVATIONS: *This component includes the concrete driveways, walkways and paths throughout the complex. Although they appeared to be in good condition, they should be regularly monitored for cracking and vertical displacement, which can create potential trip hazards (and liability for the association). Otherwise, concrete areas are generally considered a lifetime component and therefore no amount has been budgeted for the replacement of such. Occasional repairs would typically be funded from the operating account.*

TYPICAL USEFUL LIFE:	30+ YEAR(S)
ESTIMATED REMAINING LIFE:	30+ YEAR(S)
AVERAGE COMPONENT COST:	\$ 0

TO PROTECT YOUR INVESTMENT: *Any sections observed to be vertically displaced should be repaired immediately upon discovery. Emphasis should be placed on areas adjacent to trees, as their roots are often the culprits of such damage. As the need for such repairs is difficult to predict, the associated costs should be disbursed either from the association's operating account or the contingency reserve (see "Component Replacement Schedule" in the Reserve Funding section of this report as well as the Glossary for more on the contingency reserve).*

CATEGORY:	LANDSCAPE/HARDSCAPE	
COMPONENT(S):	CONCRETE BLOCK WALLS	ID#(S) 0506



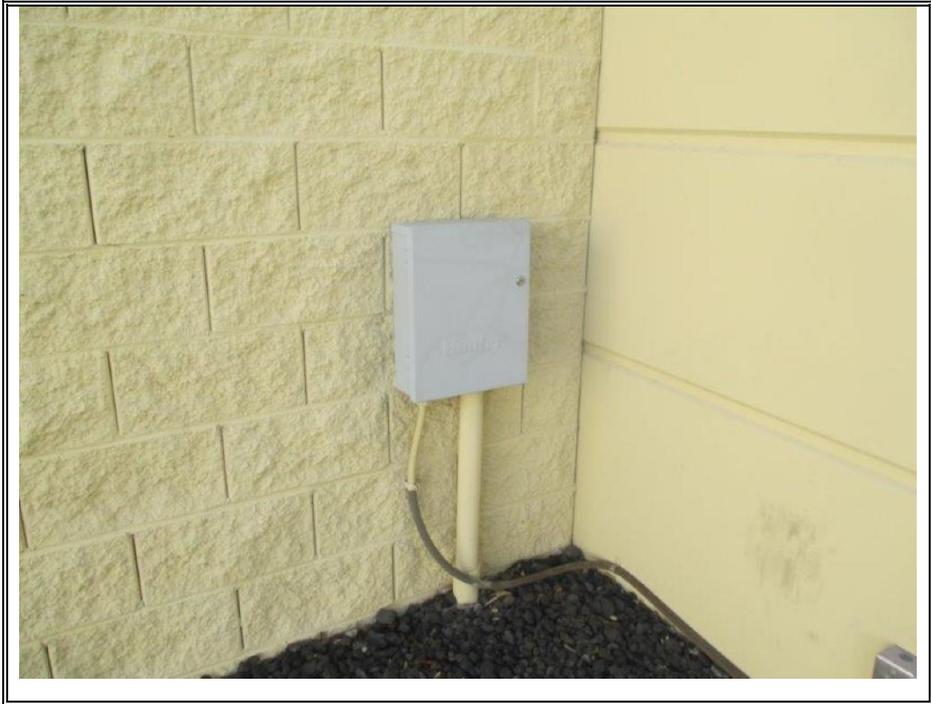
CONCRETE BLOCK WALLS (TYPICAL)

OBSERVATIONS: *This component includes the concrete block walls throughout the development. They appeared to be in average condition. It is recommended that any repair / replacement be performed on an as-needed basis and funded from the operating account. No amount has been provided for complete replacement as they would typically have a life well in excess of the scope of this projection and would therefore be considered lifetime components.*

TYPICAL USEFUL LIFE:	30+ YEAR(S)
ESTIMATED REMAINING LIFE:	30+ YEAR(S)
AVERAGE COMPONENT COST:	\$ 0

TO PROTECT YOUR INVESTMENT: *Maintenance would entail monitoring for cracks on a periodic basis. Any necessary repairs should be made accordingly.*

CATEGORY:	LANDSCAPE/HARDSCAPE	
COMPONENT(S):	IRRIGATION CONTROLLER	ID#(S) 0507



IRRIGATION CONTROLLER (TYPICAL)

OBSERVATIONS: *This component includes an irrigation controller. It was inaccessible for inspection (locked), and for purposes of reporting the condition, number of stations and remaining life has been estimated. It tends to have a more predictable life expectancy, and the average component cost provides for its replacement. However, average life expectancies cannot be predicted for the other sprinkler components or automatic valve actuation systems. Repairs/replacements of such systems usually occur on an ongoing basis and should be covered under the operating account.*

TYPICAL USEFUL LIFE:	15 YEAR(S)
ESTIMATED REMAINING LIFE:	3 YEAR(S)
AVERAGE COMPONENT COST:	\$ 3,000

TO PROTECT YOUR INVESTMENT: *The irrigation system should be maintained in such a manner so as to prevent overspray onto, and water accumulations adjacent to the structures. Occasional removal and cleaning of sprinkler heads that become clogged with debris may be performed by the gardening service in order to prevent premature death of shrubbery/ground cover.*

CATEGORY: LANDSCAPE/HARDSCAPE

COMPONENT(S): BACK FLOW PREVENTERS

ID#(S) 0508



BACK FLOW PREVENTERS (TYPICAL)

OBSERVATIONS: *This component includes the back-flow preventers, comprised of 1 @ 1¼", 1 @ 1½", and 1 @ 2", which are part of the irrigation system. The actual performance life would be difficult to determine. However, a rough time frame has been provided for budgeting purposes.*

TYPICAL USEFUL LIFE:	15 YEAR(S)
ESTIMATED REMAINING LIFE:	3 YEAR(S)
AVERAGE COMPONENT COST:	\$ 2,100

TO PROTECT YOUR INVESTMENT: *Little can be performed by way of maintenance for this type of component.*

CATEGORY:	LANDSCAPE/HARDSCAPE	
COMPONENT(S):	MAJOR TREE TRIMMING/REMOVAL	ID#(S) 0509



MAJOR TREE TRIMMING/REMOVAL (TYPICAL)

OBSERVATIONS: *This component addresses major tree trimming / removal. We were informed of trimming being done in 2017. There were no major problems observed (or reported to us) with respect to structural damage from any trees. However, we recommend that the situation be monitored, and removal of trees should be anticipated in the future if necessary. Close proximity of trees to the structures can become destructive to foundations and walkways. It is recommended that trimming / removal be performed on an as-needed basis and funded from the operating account. Any necessary adjustments can be included in future Reserve Study Updates. Study Updates.*

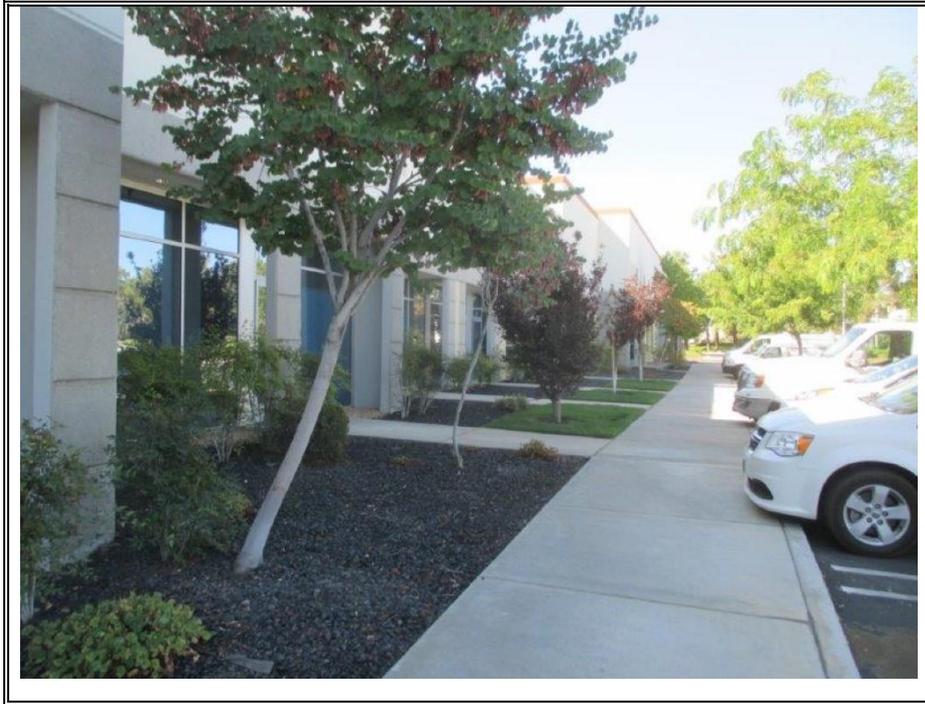
TYPICAL USEFUL LIFE:	N/A YEAR(S)
ESTIMATED REMAINING LIFE:	N/A YEAR(S)
AVERAGE COMPONENT COST:	\$ 0

TO PROTECT YOUR INVESTMENT: *A program of annual tree trimming (operating budget item) should be instituted to minimize the need for major tree topping which may be detrimental to both the growth and stability of the trees.*

CATEGORY: LANDSCAPE/HARDSCAPE

COMPONENT(S): LANDSCAPE REMODEL

ID#(S) 0510



LANDSCAPE REMODEL (TYPICAL)

OBSERVATIONS: *This component addresses the landscaping throughout the development. We were informed of landscape / irrigation modifications being done in 2017/2018. It is recommended that landscape modifications be performed on an as-needed basis and funded from the operating account.*

TYPICAL USEFUL LIFE:	N/A YEAR(S)
ESTIMATED REMAINING LIFE:	N/A YEAR(S)
AVERAGE COMPONENT COST:	\$ 0

TO PROTECT YOUR INVESTMENT: N/A.

CATEGORY: MISCELLANEOUS

COMPONENT(S): MAILBOXES

ID#(S) 0601



MAILBOXES (TYPICAL)

OBSERVATIONS: *This component addresses the pedestals of aluminum mailboxes. We were informed they are the responsibility of the U.S.P.S.*

TYPICAL USEFUL LIFE:	N/A YEAR(S)
ESTIMATED REMAINING LIFE:	N/A YEAR(S)
AVERAGE COMPONENT COST:	\$ 0

TO PROTECT YOUR INVESTMENT: N/A.

CATEGORY: MISCELLANEOUS

COMPONENT(S): SIGNS

ID#(S) 0602



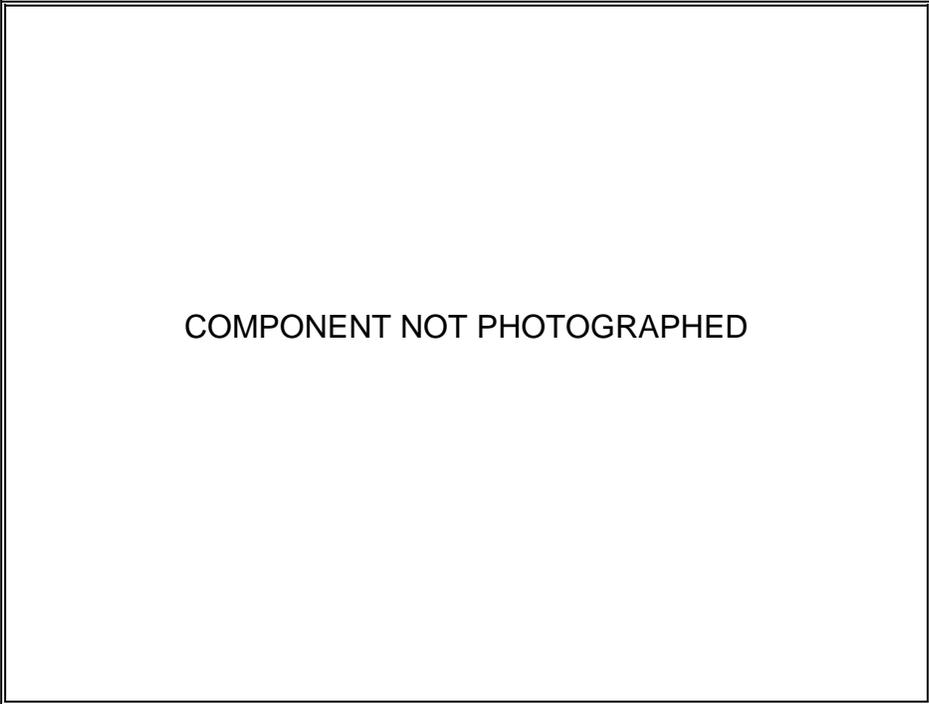
SIGNS (TYPICAL)

OBSERVATIONS: *This component includes the metal handicap signs at the common parking areas. They appeared to be in good condition for their age.*

TYPICAL USEFUL LIFE:	20 YEAR(S)
ESTIMATED REMAINING LIFE:	9 YEAR(S)
AVERAGE COMPONENT COST:	\$ 600

TO PROTECT YOUR INVESTMENT: *Little can be performed by way of maintenance for this type of component.*

CATEGORY:	CONTINGENCY RESERVE	
COMPONENT(S):	GENERAL - 5%	ID#(S) 0701



GENERAL - 5% (TYPICAL)

OBSERVATIONS: *While efforts have been made to ensure a reasonable level of precision, it is seldom possible to anticipate every expense/replacement that will be incurred by an association during an operating year. Also, it is difficult to accurately predict the cost of some items that are anticipated, due to unforeseen circumstances with respect to removal/installation, replacement with a different material than originally budgeted for, economic factors, etc. Therefore, it is prudent to include a contingency amount in the reserve budget. The Department of Real Estate (DRE) suggests a contingency equal to 3% of the annual budget (5% for a conversion from an apartment complex and 10% for a high-rise building over 70 feet). It is our opinion that a 5% contingency factor should be included in the reserve budget, and therefore a provision for this has been included (see Component Inventory page for dollar amount).*

TYPICAL USEFUL LIFE:	N/A YEAR(S)
ESTIMATED REMAINING LIFE:	N/A YEAR(S)
AVERAGE COMPONENT COST:	\$ SEE PG 4

TO PROTECT YOUR INVESTMENT: N/A.

GLOSSARY

ACCUMULATED DEPRECIATION	Amount of each component that has been used up at a point in time. The total accumulated depreciation equates to a "fully funded balance" (per CAI Standards definition).
ANNUAL DEPRECIATION	The current cost of a component divided by its typical life expectancy.
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. Different reserve funding plans are tested against the anticipated reserve expenses to achieve a desired funding goal.
CASH RESERVES	Funds available for major repair, restoration, replacement, or maintenance of the common components.
CC&R's	The covenants, conditions and restrictions, which govern the day to day operations of a facility.
COMPONENTS	The common area assets that require major repair, restoration, replacement, or maintenance. Typically: 1) Association responsibility, 2) with limited useful life expectancies, 3) predictable remaining useful life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.
COMPONENT INVENTORY	A list of components subject to degradation at a somewhat predictable rate within the projection period.
CONDITION ASSESSMENT	The evaluation of the current condition of the components based on observed or reported characteristics.
CONTINGENCY RESERVE ALLOWANCE	Additional funds set aside to allow for unforeseeable situations or variations. It is a percentage based on total expenditures anticipated each year.
CU. FT.	Measured in cubic feet.
CURRENT COST	Average cost for major repair, restoration, replacement, or maintenance of a component.
CURRENT RESERVE BALANCE	Amount of funds in reserve accounts estimated as of the beginning of the Reserve Study.
DEFICIT	The amount that the fully funded balance exceeds the actual (or projected) reserve balance.
EXCLUSIVE USE COMMON AREA	That part of a common area that has been designated for the individual use by a single interest.
FINANCIAL ANALYSIS	The portion of a Reserve Study (one of two parts) 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 expenditures over time are presented. It should illustrate the financial ability to fund future major repair or replacement of those common components that are subject to degradation within a specified period.
FISCAL YEAR	The twelve-month financial reporting period, which may not necessarily be a calendar year. Example: July 1, 2018 through June 30, 2019.
INFLATION FACTOR	An allowance for anticipated price increases based upon a 10-year average of the Consumer Price Index published by the U.S. Department of Labor. It is set at the beginning of each year.
INTEREST RATE ASSUMPTIONS	Average interest rate currently being earned from financial institutions where reserve funds are held.
LIFE CYCLE	The normal lifetime of a component, assuming it is properly installed / constructed and maintained.
LIFETIME COMPONENT	An element with a life expectancy that extends beyond the projection period of the study.
LIN. FT.	Measured in linear feet.
PERCENT FUNDED	The ratio, at a point of time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the accumulated depreciation of all the components (i.e. amount that ideally should be in reserves), expressed as a percentage.
PHYSICAL INSPECTION	A visual examination of accessible common components subject to degradation within the projection period.
PRO FORMA OPERATING BUDGET	A projection of operating expenditures for the year.
PROJECTION PERIOD	The span (in years) over which the study forecasts potential reserve expenditures and liabilities.
REGULAR ASSESSMENT	Budgeted amounts assessed to all owners (oftentimes referred to as "Dues"), including the reserve contribution – typically assessed monthly, quarterly, or annually.
REMAINING LIFE	The number of remaining years of a components' anticipated life expectancy based upon current condition and degradation factors.
REPLACEMENT CYCLE	See "Life Cycle" (i.e. frequency of repair/replacement within forecast).
RESERVE CONTRIBUTION	That portion of the "regular" assessment allocated to the reserve fund.
RESERVE STATUS	The present ability to fund future major repair or replacement of its common components.
SPECIAL ASSESSMENT	An assessment levied in addition to regular assessments, often regulated by governing documents or local statutes.
SQ. FT.	Measured in square feet.
SURPLUS	An actual (or projected) reserve balance greater than the fully funded balance.
USEFUL LIFE (UL)	The estimated time in years that a component is expected to serve its intended function if properly constructed in its present application or installation.