Cascade View Estates

Reserve Study Update - Level III
FYE: December 31, 2025
Redmond, Oregon

Prepared by Greg Sprenger
March 20, 2024

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Cascade View Estates

RESERVE STUDY

Cascade View Estates – 2025 Reserve Study
Reserve Study Summary

Project Information:
Units: **287**
Type of Study: **2025 Offsite Update**
Current Annual Reserve Contribution: **$6,000**

Economic Assumptions and Results of Study:
Projected Reserve Balance as of January 1, 2025: **$33,815**
Projected Percent Funded as of January 1, 2025: **36%**
Trust Reserves Recommended Funding Model Annual Allocation: **$6,180**
Trust Reserves Recommended Funding Model Annual Allocation/Unit: **$22***

***If assessments are not billed equally this equals an average unit value.**

Current Funding Model (Based on a static current annual contribution)
If the Current Funding Model is followed, the estimated five-year results will be:

Year	Contribution	Ending Balance	Fully Funded Reserves	Percent Funded
2025	$6,000	-$57,275	$20,111	-285%
2026	$6,000	-$51,275	$29,821	-172%
2027	$6,000	-$50,683	$34,484	-147%
2028	$6,000	-$44,683	$45,496	-98%
2029	$6,000	-$38,683	$57,334	-67%

Trust Reserves Recommended Funding Model
If our recommended model is followed, the estimated five-year results will be:

Year	Contribution	Ending Balance	Fully Funded Reserves	Percent Funded
2025	$6,180	$18,084	$20,111	90%
2026	$6,365	$24,694	$29,821	83%
2027	$6,556	$26,101	$34,484	76%
2028	$6,753	$33,182	$45,496	73%
2029	$6,956	$40,539	$57,334	71%

The percent funded ratings recognized by industry standards is:

Poor: 0-30% **Fair: 31-70%** **Good: 71-100+%**

Disclosures:

- Physical Analysis -If an on-site reserve study was performed observations were limited to visual observations only. Destructive testing (invasive testing) was not performed. Any items that were not clearly visible at the time of the site observation were not viewed, and therefore were not included in the drafting of this reserve study.

- This report is prepared as a budget tool to assist the association in its long-range financial planning. Its use for any other purpose is not appropriate. The visual observations made do NOT constitute an "Engineering Inspection" and are not detailed enough to be relied upon, nor should they be relied upon, to determine violations of jurisdictional requirements (building ordinances, codes, etc.) relating to the safety, soundness, structural integrity, or habitability of the projects buildings or of any individual component.

- Measurements - Measuring and inventory (+/- 10%) were identified via a combination of onsite physical measurements, previous reserve study and/or drawing take-offs. Drawing sets (if used) were provided by the property manager or Declarant for our use relating only to the reserve study scope of work.

- Reliance on Client Data - Data received from property management, association representatives and/or Declarant is deemed reliable by Trust Reserves/ The Management Trust. Such data may include financial information, physical deficiencies or physical conditions, quantity of physical assets, or historical issues.

- Scope - The Reserve Study is a reflection of information provided to the Consultant and assembled for the Association's use, not for the purpose of performing an audit, quality/forensic analysis, or background checks of historical records.

- Reserve Balance - The actual or projected (estimated) total presented in this reserve study is based upon information provided or collected and was not audited.

- Reserve Projects -Information provided or collected for the purpose of this reserve study will be considered reliable and should not be considered a project audit or quality inspection.

- Adjustments to Reserve Study - Should components suggested by Consultant be removed from the reserve study or any life cycles or costs other than current bids, engineering construction standards, or current component history be used in this reserve study, the Client accepts full responsibility for the results of the reserve study and is not warranted by Consultant.

- Information Provided - Quantity, design and material information included in this report was provided in part by the Association and is subject to course of construction changes.

- Limitations on Inventory -The following items, but not limited to, are not included in the physical analysis because they have a useful life greater than 30 years. Grading/drainage, foundations/footings, party walls, bearing and shear walls, perimeter walls, beams, columns and girders, sub floors, unfinished floors, concrete stair surfaces, windows, exterior doors, window and door frames, plumbing system, flues (chimneys), air delivery or return systems, ducts, chutes, conduits, pipes, plumbing, sanitary sewage and storm drains, wire, telephone, cable, central television system, sprinkler systems and internet lines.

- Warranty or Guaranty - This reserve study and its recommendations should not be construed in any way to constitute a warranty or guaranty regarding the current or future performance of the components. Components will be replaced as required, not necessarily in their expected replacement year.

Annual Updates - Often times there can be a significant expenditure in those years that exceeds the life of the reserve study. Hence, annual updates should be performed to allow adjustments in the reserve contribution each year if required.

Ongoing Maintenance - The reserve study component life cycles assumes that assets are inspected and maintained on an ongoing scheduled basis funded with operating budget funds and/or reserve funds set aside for this work. For example, an asphalt overlay surface should have a seal coating applied every 4 to 5 years in order to achieve the estimated expected life cycle of 30 years. Failure to perform maintenance per the recommended schedule may adversely impact the condition of said assets and have undesired effects on reserve funding.

Tax Consequences - The tax consequences are not considered in this reserve study due to the uncertainty of all factors affecting net taxable income and the election of the tax form to be filed.

We recommend a building envelope (water intrusion) inspection for the Building every two years and a roofing inspection every six years (not funded in the reserve).

- House Bill 955 (HB 955), in Oregon since 1/1/2006, specifically calls for the provision of a reserve study, reserve study update, maintenance plan and reserve summary. ORS 94.595 states that: "The board of directors of the association annually shall conduct a reserve study, or review and update an existing reserve study to determine the reserve study requirements". In addition, ORS 94.595 (3)(B)(c) and ORS 100.175 (3)(C)(c) further require that a Reserve Study Update be done each year.

- House Bill 2665 (Chapter 409, Oregon Laws 2007) revises portions on SB 955 by removing the requirement for a maintenance plan from the reserve study and makes it a separate requirement. Also, after 9/27/2007 HB 2665 no longer requires that owners be provided a reserve summary of the reserve study or any revisions thereto.

- Further House Bill 2665 makes windows and unit access doors, except for glazing and screening, general common elements, unless Declaration provides otherwise, (Sec 5).

Preparation of a Reserve Study:

Data is collected from several sources to prepare a reserve study and a variety of document reviews, interviews, and site observations are required to adequately fulfill our duties as a reserve provider. The following sources, but not limited to, and methods were utilized in the preparation of this reserve study document:

- Property Management Personnel Interviews
- As built Plans and Specifications Document Reviews
- On-site Observations - If Applicable
- Discussions with Engineering or Architectural Consultants
- RS Means Facilities Maintenance & Repair Cost Data, 16th Edition (2009) printed manual
- Interviewing General Contractor Consultants

A tabular list of commonly owned items has been developed and given a current condition grade, expected useful life, and remaining useful life. A portion of that data will determine in what year it is estimated the component should be replaced.

The percent funded ratings recognized by industry standards is:

0-30% - poor 31-70% - fair 71-100% - good

Cascade View Estates
Component Summary- Current Costs

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
General								
Fence - Wood	2005	2025	21	-1	0	1,386 LF	65.00	90,090
Irrigation System	2005	2025	10	0	0	1 Allowance	1,000.00	1,000
Landscape Renovation	2005	2025	7	0	0	1 Allowance	5,000.00	5,000
Lighting	2005	2025	20	0	0	1 Allowance	1,000.00	1,000
Tree Work	2022	2027	5	0	2	1 Allowance	5,000.00	5,000
Fence - Wood- Stain/Paint	2005	2032	7	0	7	1,386 Allowance	10.00	13,860
Monument Maintenance	2024	2044	20	0	19	1 Allowance	17,000.00	17,000
Concrete Maintenance		*Unfunded*						
Mailboxes		*Unfunded*						
General - Total								$132,950
Total Asset Summary								$132,950

Cascade View Estates
Component Summary- Fully Funded

Description	Future Cost	Useful Life	Remaining Life	Adjustment	Assigned Reserves	Monthly Contribution	Fully Funded
General							
Concrete Maintenance	*unfunded*						
Fence - Wood	90,090	21	0	-1	31,830	3,684.62	90,090
Fence - Wood- Stain/Paint	13,860	7	7		0	781.33	6,930
Irrigation System	1,000	10	0		1,000	43.72	1,000
Landscape Renovation	5,000	7	0		5,000	281.87	5,000
Lighting	1,000	20	0		1,000	30.75	1,000
Mailboxes	*unfunded*						
Monument Maintenance	35,816	20	19		0	531.84	850
Tree Work	5,408	5	2		0	831.44	3,000
General - Total	$152,174				$38,830	$6,186	$107,870
Asset Summary Total:	$152,174				$38,830	$6,186	$107,870
Contingency at 3.00%					$1,165	$186	$3,236
Grand Total:					$39,995	$6,371	$111,106

Percent Fully Funded	36%
Current Average Liability per Unit (Total Units: 287)	-$248

Cascade View Estates
Distribution of Accumulated Reserves

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Irrigation System	0	2025	1,000	1,000
Lighting	0	2025	1,000	1,000
Landscape Renovation	0	2025	5,000	5,000
Fence - Wood	0	2025	* 31,830	90,090
Tree Work	2	2027		3,000
Fence - Wood- Stain/Paint	7	2032		6,930
Monument Maintenance	19	2044		850
Concrete Maintenance		Unfunded		
Mailboxes		Unfunded		
Total Asset Summary			$38,830	$107,870
Contingency at 3.00%			$1,165	$3,236
Summary Total			$39,995	$111,106

Percent Fully Funded	36%
Current Average Liability per Unit (Total Units: 287)	-$248

'' Indicates Partially Funded*

Cascade View Estates
Redmond, Oregon
Current Funding Model Summary

Report Date	March 20, 2024
Account Number	2025 Offsite Update
Version	1
Budget Year Beginning	January 1, 2025
Budget Year Ending	December 31, 2025
Total Units	287

Report Parameters

Inflation	4.00%
Interest Rate on Reserve Deposit	1.00%
Contingency	3.00%
2025 Beginning Balance	$33,815

Current Funding Model Summary of Calculations

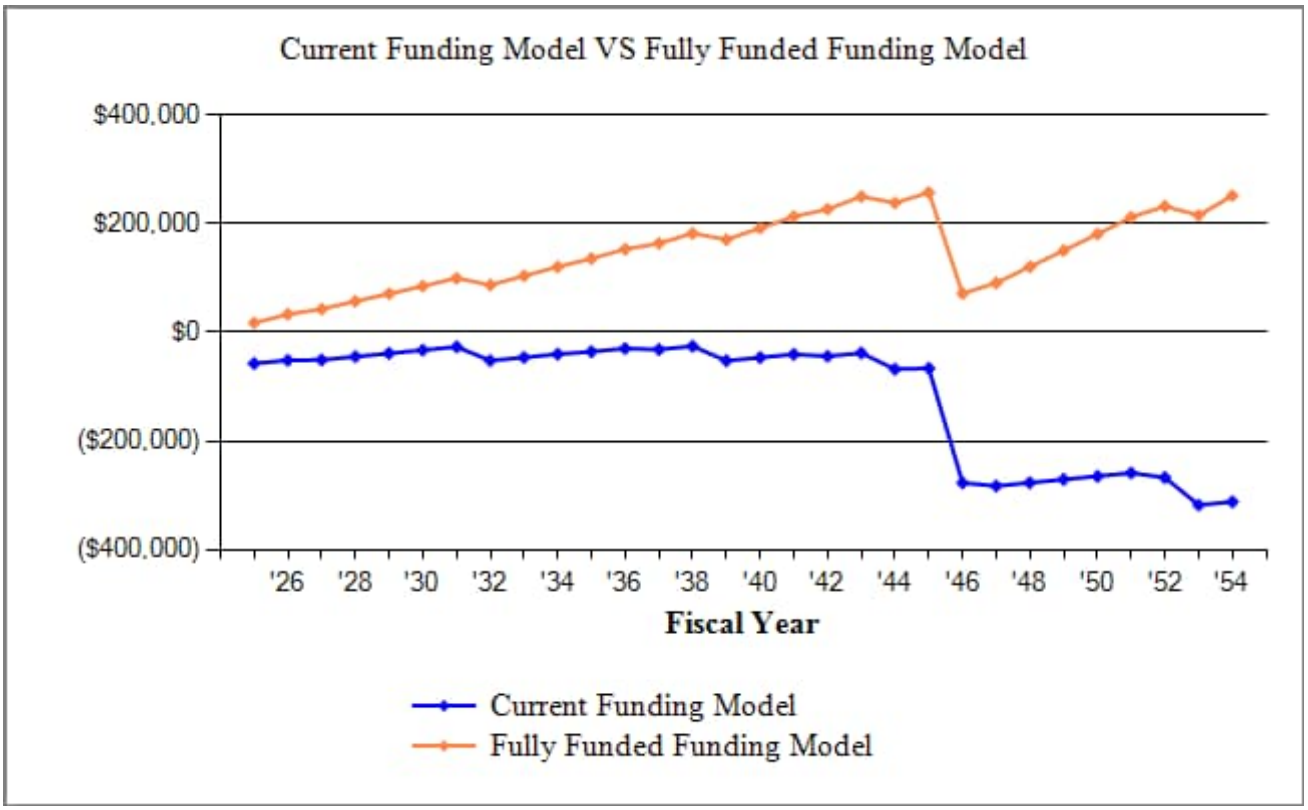
Required Annual Contribution	$6,000.00
$20.91 per unit annually	
Average Net Annual Interest Earned	$0.00
Total Annual Allocation to Reserves	$6,000.00
$20.91 per unit annually	

Cascade View Estates
Current Funding Model Projection

Beginning Balance: $33,815

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	132,950	6,000		97,090	-57,275	20,111	
2026	138,268	6,000			-51,275	29,821	
2027	143,799	6,000		5,408	-50,683	34,484	
2028	149,551	6,000			-44,683	45,496	
2029	155,533	6,000			-38,683	57,334	
2030	161,754	6,000			-32,683	70,046	
2031	168,224	6,000			-26,683	83,683	
2032	174,953	6,000		31,398	-52,081	66,061	
2033	181,951	6,000			-46,081	81,875	
2034	189,229	6,000			-40,081	98,848	
2035	196,798	6,000		1,480	-35,561	115,462	
2036	204,670	6,000			-29,561	134,896	
2037	212,857	6,000		8,005	-31,567	147,125	
2038	221,372	6,000			-25,567	169,034	
2039	230,226	6,000		32,659	-52,226	157,477	
2040	239,435	6,000			-46,226	177,288	
2041	249,013	6,000			-40,226	200,419	
2042	258,973	6,000		9,740	-43,965	214,683	
2043	269,332	6,000			-37,965	240,619	
2044	280,106	6,000		35,816	-67,782	229,919	
2045	291,310	6,000		4,382	-66,164	253,185	
2046	302,962	6,000		216,688	-276,852	50,710	
2047	315,081	6,000		11,850	-282,702	60,340	
2048	327,684	6,000			-276,702	83,860	
2049	340,791	6,000			-270,702	109,166	
2050	354,423	6,000			-264,702	136,361	
2051	368,600	6,000			-258,702	165,557	
2052	383,344	6,000		14,417	-267,119	181,428	
2053	398,678	6,000		56,556	-317,674	156,962	
2054	414,625	6,000			-311,674	193,255	

Cascade View Estates
Current Funding Model VS Fully Funded Funding Model



The **Current Funding Model**. This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the association's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time.

Cascade View Estates
Redmond, Oregon
Threshold Funding Model Summary

Report Date	March 20, 2024
Account Number	2025 Offsite Update
Version	1
Budget Year Beginning	January 1, 2025
Budget Year Ending	December 31, 2025
Total Units	287

Report Parameters

Inflation	4.00%
Annual Contribution Increase	4.00%
Interest Rate on Reserve Deposit	1.00%
Contingency	3.00%
2025 Beginning Balance	$33,815

Threshold Funding Model Summary of Calculations

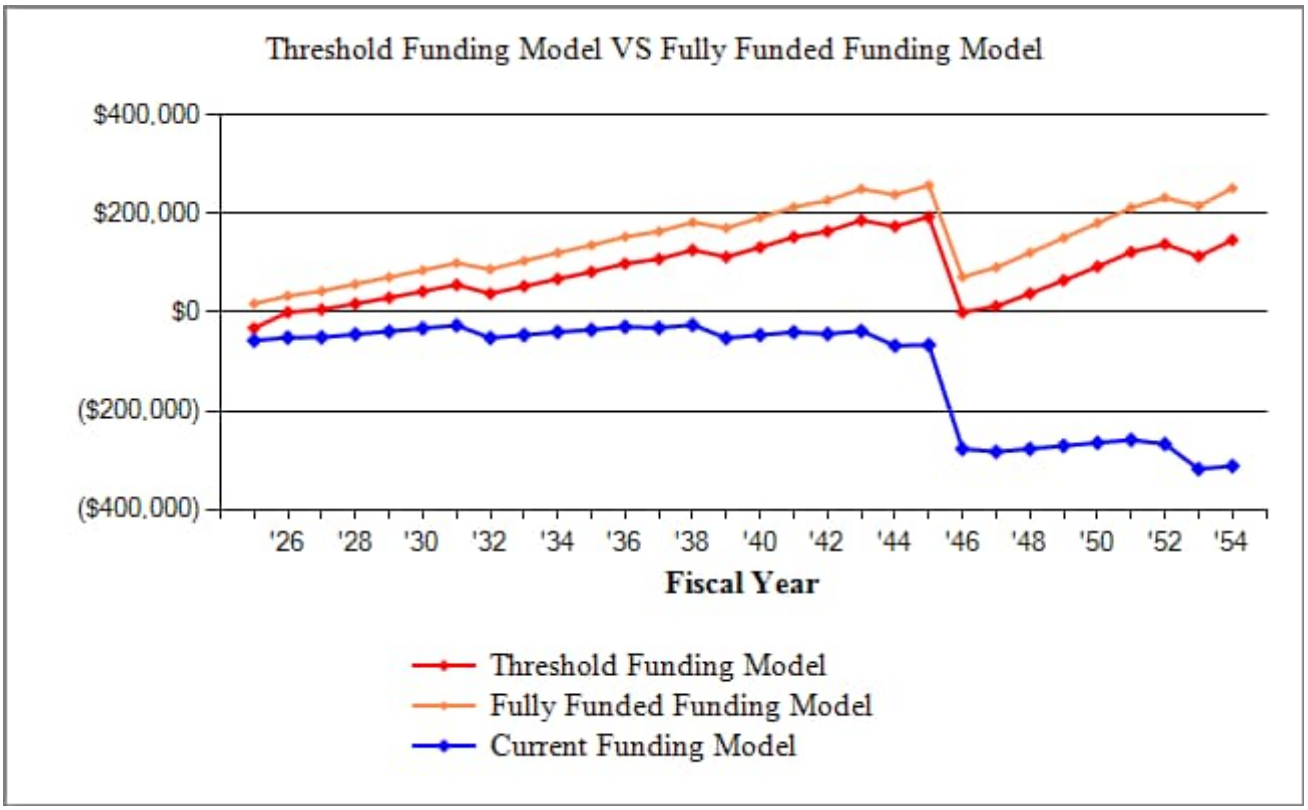
Required Annual Contribution	$31,017.16
$108.07 per unit annually	
Average Net Annual Interest Earned	$0.00
Total Annual Allocation to Reserves	$31,017.16
$108.07 per unit annually	

Cascade View Estates
Threshold Funding Model Projection

Beginning Balance: $33,815

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	132,950	31,017		97,090	-32,258	20,111	
2026	138,268	32,258			0	29,821	0%
2027	143,799	10,995	56	5,408	5,642	34,484	16%
2028	149,551	11,434	171		17,248	45,496	38%
2029	155,533	11,892	291		29,431	57,334	51%
2030	161,754	12,367	418		42,216	70,046	60%
2031	168,224	12,862	551		55,629	83,683	66%
2032	174,953	13,377	376	31,398	37,984	66,061	57%
2033	181,951	13,912	519		52,414	81,875	64%
2034	189,229	14,468	669		67,551	98,848	68%
2035	196,798	15,047	811	1,480	81,929	115,462	71%
2036	204,670	15,649	976		98,553	134,896	73%
2037	212,857	16,275	1,068	8,005	107,891	147,125	73%
2038	221,372	16,926	1,248		126,065	169,034	75%
2039	230,226	17,603	1,110	32,659	112,118	157,477	71%
2040	239,435	18,307	1,304		131,729	177,288	74%
2041	249,013	19,039	1,508		152,276	200,419	76%
2042	258,973	19,801	1,623	9,740	163,960	214,683	76%
2043	269,332	20,593	1,846		186,399	240,619	77%
2044	280,106	21,416	1,720	35,816	173,718	229,919	76%
2045	291,310	22,273	1,916	4,382	193,525	253,185	76%
2046	302,962	23,164		216,688	1	50,710	0%
2047	315,081	24,090	122	11,850	12,364	60,340	20%
2048	327,684	25,054	374		37,793	83,860	45%
2049	340,791	26,056	638		64,488	109,166	59%
2050	354,423	27,099	916		92,502	136,361	68%
2051	368,600	28,182	1,207		121,891	165,557	74%
2052	383,344	29,310	1,368	14,417	138,152	181,428	76%
2053	398,678	30,482	1,121	56,556	113,199	156,962	72%
2054	414,625	31,701	1,449		146,350	193,255	76%

Cascade View Estates
Threshold Funding Model VS Fully Funded Funding Model



The **Threshold Funding Model** calculates the minimum reserve assessments, with the restriction that the reserve balance is not allowed to go below $0 or other predetermined threshold, during the period of time examined. All funds for planned reserve expenditures will be available on the first day of each fiscal year. The **Threshold Funding Model** allows the client to choose the level of conservative funding they desire by choosing the threshold dollar amount.

Cascade View Estates
Redmond, Oregon
Fully Funded Funding Model Summary

Report Date	March 20, 2024
Account Number	2025 Offsite Update
Version	1
Budget Year Beginning	January 1, 2025
Budget Year Ending	December 31, 2025
Total Units	287

Report Parameters

Inflation	4.00%
Interest Rate on Reserve Deposit	1.00%
Contingency	3.00%
2025 Beginning Balance	$33,815

Fully Funded Funding Model Summary of Calculations

Required Annual Contribution	$80,537.28
$280.62 per unit annually	
Average Net Annual Interest Earned	$172.62
Total Annual Allocation to Reserves	$80,709.90
$281.22 per unit annually	

Cascade View Estates
Fully Funded Funding Model Projection

Beginning Balance: $33,815

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	132,950	80,537	173	97,090	17,435	20,111	87%
2026	138,268	15,322	328		33,084	29,821	111%
2027	143,799	14,748	424	5,408	42,849	34,484	124%
2028	149,551	13,714	566		57,129	45,496	126%
2029	155,533	13,128	703		70,960	57,334	124%
2030	161,754	13,238	842		85,039	70,046	121%
2031	168,224	13,642	987		99,668	83,683	119%
2032	174,953	17,951	862	31,398	87,084	66,061	132%
2033	181,951	15,797	1,029		103,910	81,875	127%
2034	189,229	15,383	1,193		120,486	98,848	122%
2035	196,798	15,498	1,345	1,480	135,848	115,462	118%
2036	204,670	15,574	1,514		152,937	134,896	113%
2037	212,857	17,129	1,621	8,005	163,682	147,125	111%
2038	221,372	16,799	1,805		182,286	169,034	108%
2039	230,226	19,220	1,688	32,659	170,534	157,477	108%
2040	239,435	19,342	1,899		191,775	177,288	108%
2041	249,013	19,193	2,110		213,079	200,419	106%
2042	258,973	20,863	2,242	9,740	226,444	214,683	105%
2043	269,332	20,984	2,474		249,902	240,619	104%
2044	280,106	21,618	2,357	35,816	238,060	229,919	104%
2045	291,310	21,096	2,548	4,382	257,322	253,185	102%
2046	302,962	29,934	706	216,688	71,274	50,710	141%
2047	315,081	30,636	901	11,850	90,961	60,340	151%
2048	327,684	28,469	1,194		120,625	83,860	144%
2049	340,791	28,455	1,491		150,571	109,166	138%
2050	354,423	28,531	1,791		180,893	136,361	133%
2051	368,600	28,906	2,098		211,897	165,557	128%
2052	383,344	32,372	2,299	14,417	232,150	181,428	128%
2053	398,678	37,461	2,131	56,556	215,187	156,962	137%
2054	414,625	33,830	2,490		251,506	193,255	130%

Cascade View Estates
Redmond, Oregon
Trust Reserves Recommended Funding Model Summary

Report Date	March 20, 2024
Account Number	2025 Offsite Update
Version	1
Budget Year Beginning	January 1, 2025
Budget Year Ending	December 31, 2025
Total Units	287

Report Parameters

Inflation	4.00%
Interest Rate on Reserve Deposit	1.00%
Contingency	3.00%
2025 Beginning Balance	$33,815

Trust Reserves Recommended Funding Model Summary of Calculations

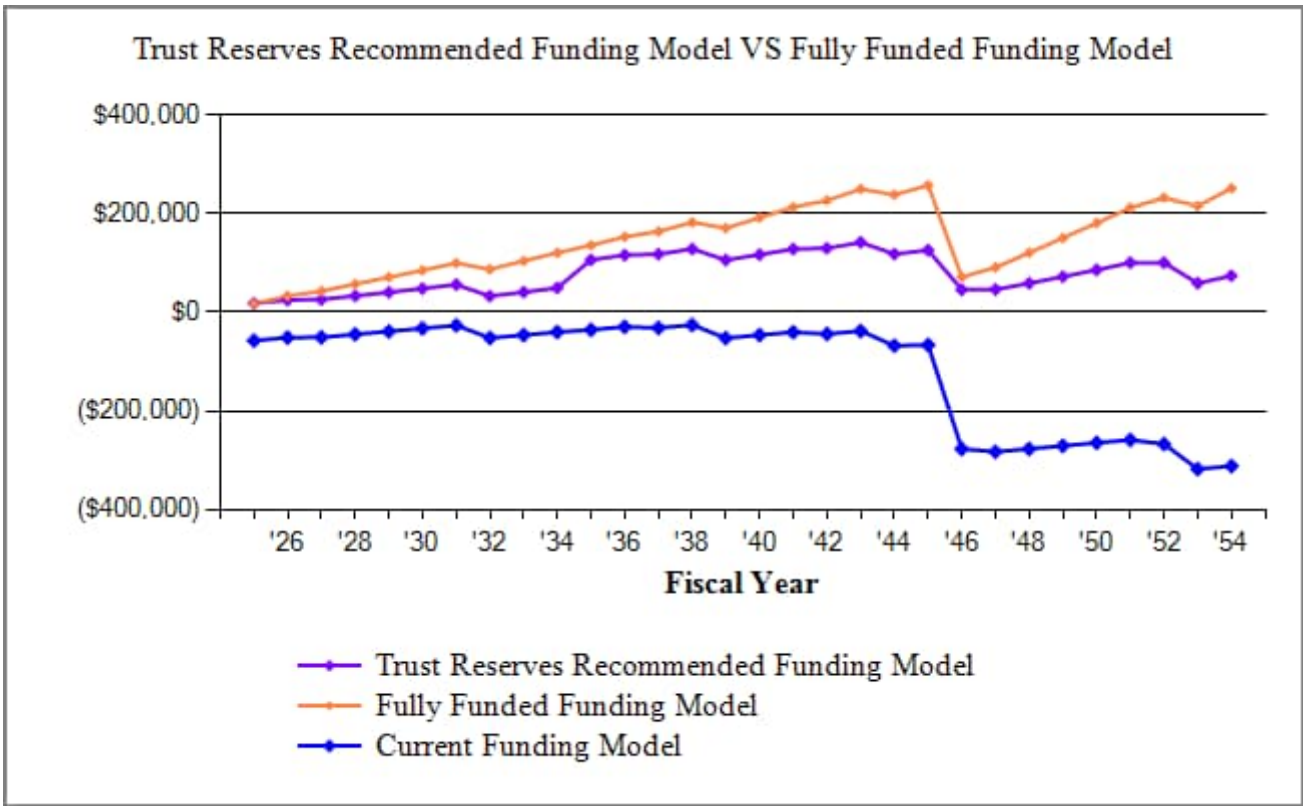
Required Annual Contribution	$6,180.00
$21.53 per unit annually	
Average Net Annual Interest Earned	$179.05
Total Annual Allocation to Reserves	$6,359.05
$22.16 per unit annually	

Cascade View Estates
Trust Reserves Recommended Funding Model Projection

Beginning Balance: $33,815

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025		*75,000*		*Special Assessment*			
2025	132,950	6,180	179	97,090	18,084	20,111	90%
2026	138,268	6,365	244		24,694	29,821	83%
2027	143,799	6,556	258	5,408	26,101	34,484	76%
2028	149,551	6,753	329		33,182	45,496	73%
2029	155,533	6,956	401		40,539	57,334	71%
2030	161,754	7,164	477		48,181	70,046	69%
2031	168,224	7,379	556		56,116	83,683	67%
2032	174,953	7,601	323	31,398	32,641	66,061	49%
2033	181,951	7,829	405		40,875	81,875	50%
2034	189,229	8,063	489		49,427	98,848	50%
2035		*50,000*		*Special Assessment*			
2035	196,798	8,305		1,480	106,253	115,462	92%
2036	204,670	8,555	1,148		115,955	134,896	86%
2037	212,857	8,811	1,168	8,005	117,929	147,125	80%
2038	221,372	9,076	1,270		128,274	169,034	76%
2039	230,226	9,348	1,050	32,659	106,012	157,477	67%
2040	239,435	9,628	1,156		116,797	177,288	66%
2041	249,013	9,917	1,267		127,981	200,419	64%
2042	258,973	10,215	1,285	9,740	129,741	214,683	60%
2043	269,332	10,521	1,403		141,665	240,619	59%
2044	280,106	10,837	1,167	35,816	117,852	229,919	51%
2045	291,310	11,162	1,246	4,382	125,878	253,185	50%
2046		*125,000*		*Special Assessment*			
2046	302,962	11,497		216,688	45,686	50,710	90%
2047	315,081	11,842	457	11,850	46,135	60,340	76%
2048	327,684	12,197	583		58,915	83,860	70%
2049	340,791	12,563	715		72,192	109,166	66%
2050	354,423	12,940	851		85,983	136,361	63%
2051	368,600	13,328	993		100,304	165,557	61%
2052	383,344	13,728	996	14,417	100,611	181,428	55%
2053	398,678	14,139	582	56,556	58,777	156,962	37%
2054	414,625	14,564	733		74,074	193,255	38%

Cascade View Estates
Trust Reserves Recommended Funding Model VS Fully Funded Funding Model



The Trust Reserves Recommended Funding Model is our recommended model and is based on the cash flow, parameters, and reserve fund balance. Because it is calculated using the cash flow, it will give the accurate projection of how well the association is funded for the next 30 years of planned reserve expenditures.

Cascade View Estates
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2025	
Fence - Wood	90,090
Irrigation System	1,000
Landscape Renovation	5,000
Lighting	1,000
Total for 2025	**$97,090**
No Replacement in 2026	
Replacement Year 2027	
Tree Work	5,408
Total for 2027	**$5,408**
No Replacement in 2028	
No Replacement in 2029	
No Replacement in 2030	
No Replacement in 2031	
Replacement Year 2032	
Fence - Wood- Stain/Paint	18,239
Landscape Renovation	6,580
Tree Work	6,580
Total for 2032	**$31,398**
No Replacement in 2033	
No Replacement in 2034	
Replacement Year 2035	
Irrigation System	1,480
Total for 2035	**$1,480**
No Replacement in 2036	
Replacement Year 2037	
Tree Work	8,005
Total for 2037	**$8,005**
No Replacement in 2038	

Cascade View Estates
Annual Expenditure Detail

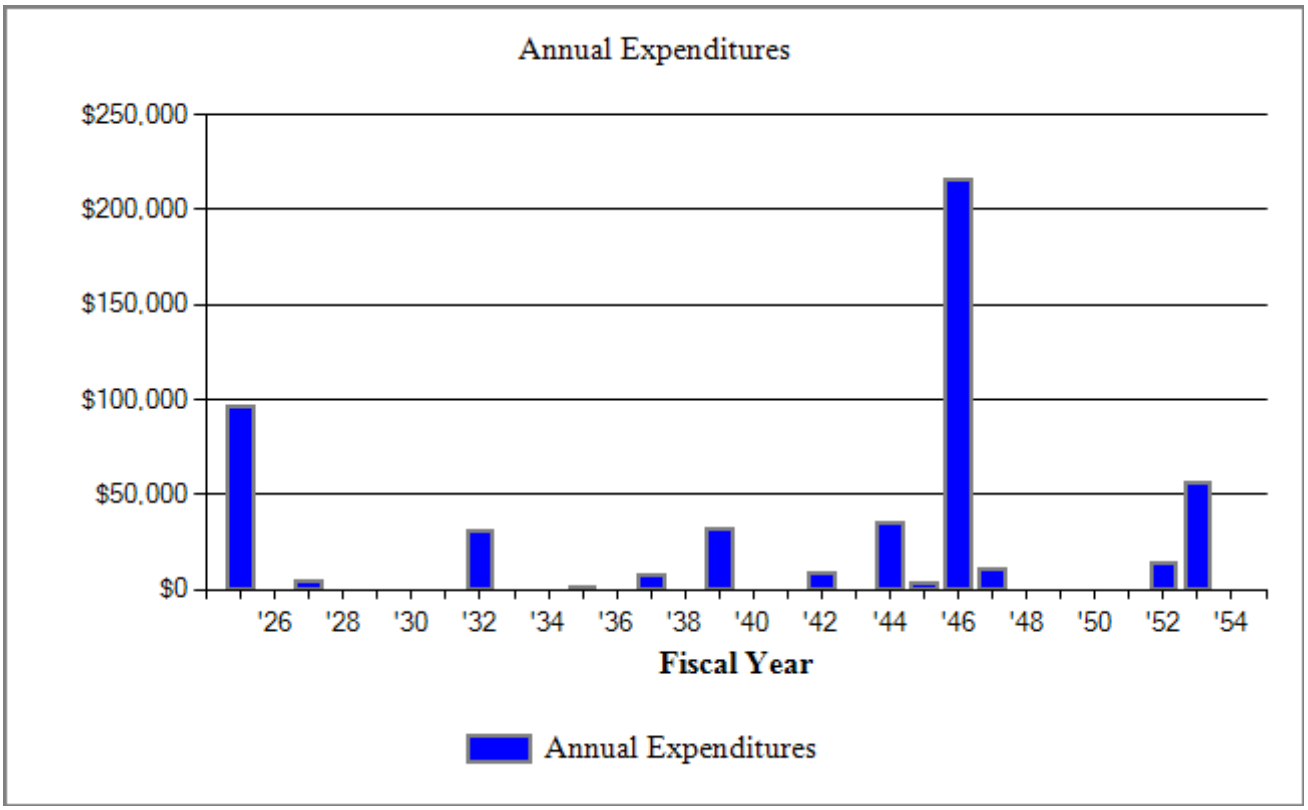
Description	Expenditures
Replacement Year 2039	
Fence - Wood- Stain/Paint	24,001
Landscape Renovation	8,658
Total for 2039	**$32,659**
No Replacement in 2040	
No Replacement in 2041	
Replacement Year 2042	
Tree Work	9,740
Total for 2042	**$9,740**
No Replacement in 2043	
Replacement Year 2044	
Monument Maintenance	35,816
Total for 2044	**$35,816**
Replacement Year 2045	
Irrigation System	2,191
Lighting	2,191
Total for 2045	**$4,382**
Replacement Year 2046	
Fence - Wood	205,294
Landscape Renovation	11,394
Total for 2046	**$216,688**
Replacement Year 2047	
Tree Work	11,850
Total for 2047	**$11,850**
No Replacement in 2048	
No Replacement in 2049	
No Replacement in 2050	
No Replacement in 2051	
Replacement Year 2052	
Tree Work	14,417
Total for 2052	**$14,417**

Cascade View Estates
Annual Expenditure Detail

Description	Expenditures
Replacement Year 2053	
Fence - Wood- Stain/Paint	41,562
Landscape Renovation	14,994
Total for 2053	**$56,556**

No Replacement in 2054

Cascade View Estates
Annual Expenditure Chart



Concrete Maintenance

		1 Allowance	@ $2,500.00
Asset ID	1043	Asset Actual Cost	$2,500.00
		Percent Replacement	100%
Category	General	Future Cost	$2,812.16
Placed in Service	January 2010	Assigned Reserves	*none*
Useful Life	15		
Adjustment	3	*No Future Assessments*	
Replacement Year	2028		
Remaining Life	3		

Remarks:

This is an allowance to repair cracks and breaks that can occur as the ground underneath the cement settles over the years. Inspect sidewalks and staircases for tripping hazards. Grind down and replace selected sections as needed.

Per the board, there is no concrete within the association that is HOA maintained so this has been unfunded.

Fence - Wood - 2025

		1,386 LF	@ $65.00
Asset ID	1046	Asset Actual Cost	$90,090.00
		Percent Replacement	100%
Category	General	Future Cost	$90,090.00
Placed in Service	January 2005	Assigned Reserves	$31,655.34
Useful Life	21		
Adjustment	-1	Annual Assessment	$3,578.43
Replacement Year	2025	Interest Contribution	$118.15
Remaining Life	0	Reserve Allocation	$3,696.57

Remarks:

Slats, cross members and uprights need maintenance and repair as needed. Expect replacement every twenty one (21) years or as needed.

This study assumes the fence the fencing that was not replaced in 2020 will be replaced in the 2025 fiscal year.

Fence - Wood- Stain/Paint - 2032

		1,386 Allowance	@ $10.00
Asset ID	1056	Asset Actual Cost	$13,860.00
		Percent Replacement	100%
Category	General	Future Cost	$18,238.81
Placed in Service	January 2005	Assigned Reserves	*none*
Useful Life	7		
Replacement Year	2032	Annual Assessment	$758.22
Remaining Life	7	Interest Contribution	$25.03
		Reserve Allocation	$783.26

Remarks:

To help prolong the life of the fence, it should be painted or stained every seven (7) years, or as needed.

This study assumes the fence the fencing that was not replaced in 2020 will be replaced in the 2025 fiscal year.

Cascade View Estates
Detail Report by Category

Irrigation System - 2025

		1 Allowance	@ $1,000.00
Asset ID	1047	Asset Actual Cost	$1,000.00
		Percent Replacement	100%
Category	General	Future Cost	$1,000.00
Placed in Service	January 2005	Assigned Reserves	$1,000.00
Useful Life	10		
Replacement Year	2025	Annual Assessment	$42.43
Remaining Life	0	Interest Contribution	$1.40
		Reserve Allocation	$43.83

Remarks:

Check for valve blockages and controller integrity. Irrigation controllers fail sporadically and will require ongoing replacement. This line item is an allowance for these necessary sporadic replacement.

Landscape Renovation - 2025

		1 Allowance	@ $5,000.00
Asset ID	1053	Asset Actual Cost	$5,000.00
		Percent Replacement	100%
Category	General	Future Cost	$5,000.00
Placed in Service	January 2005	Assigned Reserves	$5,000.00
Useful Life	7		
Replacement Year	2025	Annual Assessment	$273.53
Remaining Life	0	Interest Contribution	$9.03
		Reserve Allocation	$282.56

Remarks:

This is an allowance for landscape renovation of the common areas. This is currently set to occur every five (5) years.

Lighting - 2025

		1 Allowance	@ $1,000.00
Asset ID	1050	Asset Actual Cost	$1,000.00
		Percent Replacement	100%
Category	General	Future Cost	$1,000.00
Placed in Service	January 2005	Assigned Reserves	$1,000.00
Useful Life	20		
Replacement Year	2025	Annual Assessment	$29.84
Remaining Life	0	Interest Contribution	$0.99
		Reserve Allocation	$30.83

Remarks:

Inspect light fixture and test sensor. Expect replacement of the exterior light fixtures every twenty (20) years, or as needed.

Mailboxes

		18 Each	@ $2,500.00
Asset ID	1048	Asset Actual Cost	$45,000.00
		Percent Replacement	100%
Category	General	Future Cost	$66,610.99
Placed in Service	January 2005	Assigned Reserves	*none*
Useful Life	30		
Replacement Year	2035	*No Future Assessments*	
Remaining Life	10		

Remarks:

This item is for the replacement of the cluster style mailboxes in the common area. Ongoing maintenance such as replace faulty hinges or locks, remove graffiti, and repair vandalism will be needed.

Per the board, the mailboxes are the responsibility of the USPS and have been unfunded.

Monument Maintenance - 2044

		1 Allowance	@ $17,000.00
Asset ID	1049	Asset Actual Cost	$17,000.00
		Percent Replacement	100%
Category	General	Future Cost	$35,816.44
Placed in Service	August 2024	Assigned Reserves	*none*
Useful Life	20		
Replacement Year	2044	Annual Assessment	$516.11
Remaining Life	19	Interest Contribution	$17.04
		Reserve Allocation	$533.15

Remarks:

Stonework and masonry have an estimated life of more than thirty (30) years. However, it will need maintenance such as sealcoating or pressure washing from time to time. This item is an allowance for repair or maintenance to the monument as needed. Replace monument lettering as needed.

This study assumes there will be an improvement made in the 2024 fiscal year.

Tree Work - 2027

		1 Allowance	@ $5,000.00
Asset ID	1044	Asset Actual Cost	$5,000.00
		Percent Replacement	100%
Category	General	Future Cost	$5,408.00
Placed in Service	March 2022	Assigned Reserves	*none*
Useful Life	5		
Replacement Year	2027	Annual Assessment	$806.85
Remaining Life	2	Interest Contribution	$26.64
		Reserve Allocation	$833.48

Remarks:

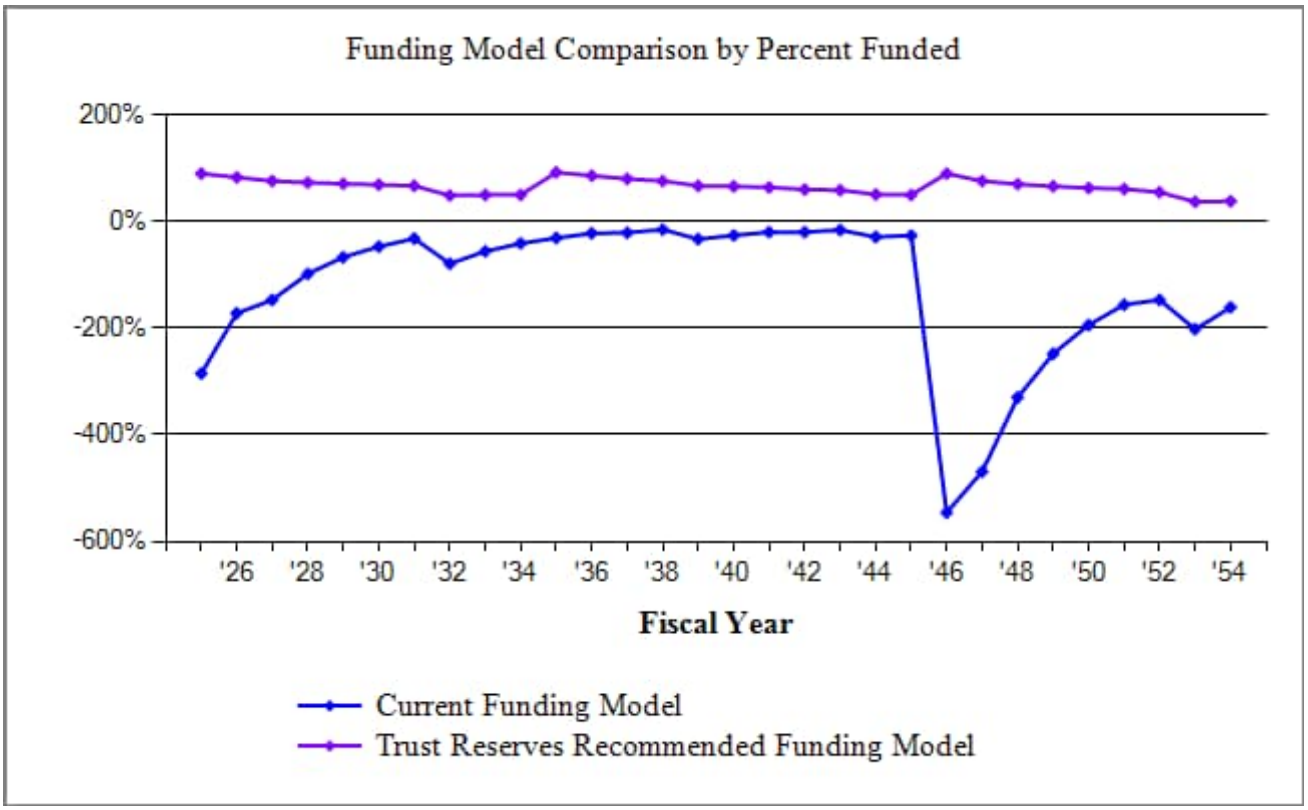
Expect major pruning, maintenance, or replacement of some trees by a professional arborist every five (5), or as needed.

Cascade View Estates
Detail Report by Category

General - Total Current Cost	**$132,950**
Assigned Reserves	**$38,655**
Fully Funded Reserves	**$107,870**

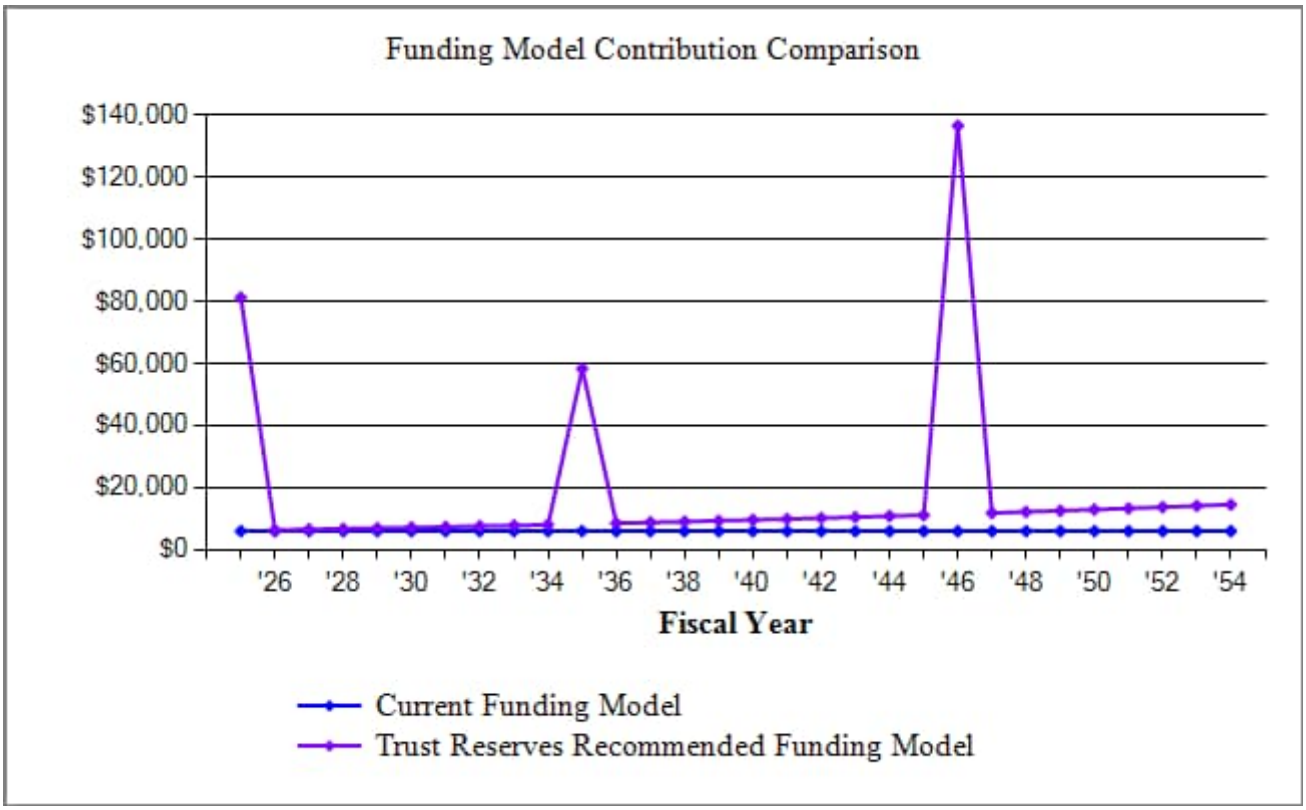
Cascade View Estates
Category Detail Index

Cascade View Estates
Funding Model Comparison by Percent Funded



This chart compares the Current Funding Model and the Trust Reserves Recommended Funding Model by percentage fully funded over 30 years.

Cascade View Estates
Funding Model Contribution Comparison Chart



This chart compares the annual reserve contribution of the Current Funding Model and the Trust Reserves Recommended Funding Model over 30 years.

Cascade View Estates
Spread Sheet

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Concrete Maintenance	*Unfunded*									
Fence - Wood	90,090									
Fence - Wood- Stain/Paint								18,239		
Irrigation System	1,000									
Landscape Renovation	5,000							6,580		
Lighting	1,000									
Mailboxes	*Unfunded*									
Monument Maintenance										
Tree Work			5,408					6,580		
Year Total:	**97,090**		**5,408**					**31,398**		

Cascade View Estates
Spread Sheet

Description	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Concrete Maintenance	*Unfunded*									
Fence - Wood										
Fence - Wood- Stain/Paint					24,001					
Irrigation System	1,480									
Landscape Renovation					8,658					
Lighting										
Mailboxes	*Unfunded*									
Monument Maintenance										35,816
Tree Work			8,005					9,740		
Year Total:	**1,480**		**8,005**		**32,659**			**9,740**		**35,816**

Cascade View Estates
Spread Sheet

Description	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Concrete Maintenance	*Unfunded*									
Fence - Wood		205,294								
Fence - Wood- Stain/Paint									41,562	
Irrigation System	2,191									
Landscape Renovation		11,394							14,994	
Lighting	2,191									
Mailboxes	*Unfunded*									
Monument Maintenance										
Tree Work			11,850					14,417		
Year Total:	**4,382**	**216,688**	**11,850**					**14,417**	**56,556**	

A Multi-Purpose Tool

Your reserve study is an important part of your association's budgetary process. Following its recommendations should ensure the association's smooth budgetary transitions from one fiscal year to the next, and either decrease or eliminate the need for "special assessments".

In addition, your reserve study serves a variety of useful purposes:

- Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.
- A reserve study is required by your accountant during the preparation of the association's annual audit.
- The reserve study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.
- Your report is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your report is a tool that can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated.
- Since the reserve study includes measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- The reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumers' guide" by prospective purchasers.
- Your report provides a record of the time, cost, and quantities of past reserve replacements. At times the association's management company and board of directors are transitory which may result in the loss of these important records.

Introduction to Reserve Studies

Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

Funding Options

When a major repair or replacement is required in a community, an association has essentially four options available to address the expenditure:

The first, and only logical means that the Board of Directors has to ensure its ability to maintain the assets for which it is obligated, is by **assessing an adequate level of reserves** as part of the regular membership assessment, thereby distributing the cost of the replacements uniformly over the entire membership. The community is not only comprised of present members, but also future members. Any decision by the Board of Directors to adopt a calculation method or funding plan which would disproportionately burden future members in order to make up for past reserve deficits, would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the board is responsible to the "community" as a whole.

Whereas, if the association was setting aside reserves for this purpose, using the vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof, for example, to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The second option is for the association to **acquire a loan** from a lending institution in order to effect the required repairs. In many cases, banks will lend to an association using "future homeowner assessments" as collateral for the loan. With this method, the current board is pledging the future assets of an association. They are also incurring the additional expense of interest fees along with the original principal amount. In the case of a $150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest.

The third option, too often used, is simply to **defer the required repair or replacement**. This option, which is not recommended, can create an environment of declining property values due to expanding lists of deferred maintenance items and the association's financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the association by making it difficult, or even impossible, for potential buyers to obtain financing from lenders. Increasingly, lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association itself, a prospective purchaser, or for an individual within such an association.

The fourth option is to pass a "**special assessment**" to the membership in an amount required to cover the expenditure. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure, if necessary. However, an association considering a special assessment cannot guarantee that an assessment, when needed, will be passed. Consequently, the association cannot guarantee its ability to perform the required repairs or replacements to those major components for which it is obligated when the need arises. Additionally, while relatively new communities require very little in the way of major "reserve" expenditures, associations reaching 12 to 15 years of age and older, find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, could be devastating to an association's overall budget.

Types of Reserve Studies

Most reserve studies fit into one of three categories:

Full Reserve Study;

Update with site inspection; and

Update without site inspection.

In a **Full Reserve Study**, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a "fund status" and "funding plan".

In an **Update with site inspection**, the reserve provider conducts a component inventory (verification only, not quantification unless new components have been added to the inventory), a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both the "fund status and "funding plan."

In an **Update without site inspection**, the reserve provider conducts life and valuation estimates to determine the "fund status" and "funding plan."

The Reserve Study: A Physical and a Financial Analysis

There are two components of a reserve study: a physical analysis and a financial analysis.

Physical Analysis

During the physical analysis, a reserve study provider evaluates information regarding the physical status and repair/replacement cost of the association's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates.

Developing a Component List

The budget process begins with full inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense.

Operational Expenses

Occur at least annually, no matter how large the expense, and can be budgeted for effectively each year. They are characterized as being reasonably predictable, both in terms of frequency and cost. Operational expenses include all minor expenses, which would not otherwise adversely affect an operational budget from one year to the next. Examples of ***operational expenses*** include:

Utilities:
- Electricity
- Gas
- Water
- Telephone
- Cable TV

Administrative:
- Supplies
- Bank Service Charges
- Dues & Publications
- Licenses, Permits & Fees
- Insurance(s)

Services:
- Landscaping
- Pool Maintenance
- Street Sweeping
- Accounting
- Reserve Study

Repair Expenses:
- Tile Roof Repairs
- Equipment Repairs
- Minor Concrete Repairs
- Operating Contingency

Reserve Expenses

These are major expenses that occur other than annually, and which must be budgeted for in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved for in advance. Examples of reserve expenses include:

- Roof Replacements
- Painting
- Deck Resurfacing
- Fencing Replacement
- Asphalt Seal Coating
- Asphalt Repairs
- Asphalt Overlays
- Equipment Replacement
- Interior Furnishings
- Park/Play Equipment
- Pool/Spa Re-plastering
- Pool Equipment Replacement
- Pool Furniture Replacement
- Tennis Court Resurfacing
- Lighting Replacement
- Insurance(s)
- Reserve Study

Budgeting is Normally Excluded for:

Repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an association's governing documents. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses that may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for, are also excluded.

Financial Analysis

The financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent fully funded) to determine a recommendation for the appropriate reserve contribution rate in the future, known as the "funding plan".

Preparing the Reserve Study

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufactured quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study, the association should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the *Trust Reserves* update process by keeping accurate records of these changes throughout the year.

Funding Methods

From the simplest to the most complex, the reserve study providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash flow method and the component method.

The cash flow method develops 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 actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based upon the individual lives of the components under consideration. The Threshold and The Current Assessment funding models are based upon the cash flow method.

The component method develops a reserve-funding plan where the total contribution is based upon the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the association will achieve and maintain an ideal level of reserve over time. This method also allows for computations on individual components in the analysis. The Component Funding model is based upon the component methodology.

Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are four basic strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below. Associations will have to update their reserve studies more or less frequently depending on the funding strategy they select.

Full Funding---Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

Fully Funded Reserves = **Age** divided by **Useful Life** the results multiplied by **Current Replacement Cost**

When an association's total accumulated reserves for all components meet this criterion, its reserves are considered "fully-funded."

The Trust Reserves Funding Model is our recommended model and is based on the cashflow, parameters, and reserve fund balance. Because it is calculated using the cashflow, it will give the accurate projection of how well the association is funded for the next 30 years of planned reserve expenditures.

The **Baseline Funding Model.** This method is based upon the cash flow funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount (other than $0).

The **Current Allocation Funding Model**. This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the association's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time.

Funding Reserves

Three assessment and contribution figures are provided in the report, the "Monthly Reserve Assessment Required", the "Average Net Monthly Interest Earned" contribution and the "Total Monthly Allocation to Reserves." The association should allocate the "Monthly Reserve Assessment Required" amount to reserves each month when the interest earned on the reserves is left in the reserve accounts as part of the contribution. Any interest earned on reserve deposits, must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the "Total Monthly Allocation" to reserves (this is the member assessment plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid, the amount due will be taken directly from the association's operating accounts as the reserve accounts are allocated only those moneys net of taxes.

Users' Guide to your *Trust Reserves* Study

Part I of your report contains the *Trust Reserves* study for your association. There are seven types of reports in the study as described below.

Report Summaries

The Report Summary for all funding models lists all of the parameters that were used in calculating the report as well as the summary of your *Trust Reserves* study.

Index Reports

The **Distribution of Accumulated Reserves** report lists all assets in remaining life order. It also identifies the ideal level of reserves that should have accumulated for the association as well as the actual reserves available. This information is valid only for the "Component Funding Model" calculation.

The **Component Listing/Summary** lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

Detail Reports

The Detail Report itemizes each asset and lists all measurements, current and future costs, and calculations for that asset. Provisions for percentage replacements, salvage values, and one-time replacements can also be utilized. These reports can be sorted by category or group.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufactured quality, usage, exposure to elements and maintenance history.

The Detail Index is an alphabetical listing of all assets, together with the page number of the asset's detail report, the projected replacement year, and the asset number.

Projections

Thirty-year projections add to the usefulness of your *Trust Reserves* study.

Definitions

Report I.D.
Includes the Report Date (example: November 15, 1992), Account Number (example: 9773), and Version (example: 1.0). Please use this information (displayed on the summary page) when referencing your report.

Budget Year Beginning/Ending
The budgetary year for which the report is prepared. For associations with fiscal years ending December 31st, the monthly contribution figures indicated are for the 12-month period beginning 1/1/20xx and ending 12/31/20xx.

Number of Units and/or Phases
If applicable, the number of units and/or phases included in this version of the report.

Inflation
This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement, and the total is used in calculating the monthly reserve contribution that will be necessary to accumulate the required funds in time for replacement.

Annual Assessment Increase
This represents the percentage rate at which the association will increase its assessment to reserves at the end of each year. For example, in order to accumulate $10,000 in 10 years, you could set aside $1,000 per year. As an alternative, you could set aside $795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation. It can, however, be used to aide those associations that have not set aside appropriate reserves in the past, by making the initial year's allocation less formidable.

Investment Yield Before Taxes

The average interest rate anticipated by the association based upon its current investment practices.

Taxes on Interest Yield
The estimated percentage of interest income that will be set aside to pay income taxes on the interest earned.

Projected Reserve Balance
The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

Percent Fully Funded
The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

Phase Increment Detail and/or Age
Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

Monthly Assessment
The assessment to reserves required by the association each month.

Interest Contribution (After Taxes)
The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

Total Monthly Allocation
The sum of the monthly assessment and interest contribution figures.

Group and Category
The report may be prepared and sorted either by group (location, building, phase, etc.) or by category (roofing, painting, etc.). The standard report printing format is by category.

Percentage of Replacement or Repairs
In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

Placed-In-Service Date
The month and year that the asset was placed-in-service. This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

Estimated Useful Life
The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

Adjustment to Useful Life
Once the useful life is determined, it may be adjusted, up or down, by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

Estimated Remaining Life
This calculation is completed internally based upon the report's fiscal year date and the date the asset was placed-in-service.

Replacement Year
The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

Annual Fixed Reserves
An optional figure which, if used, will override the normal process of allocating reserves to each asset.

Fixed Assessment
An optional figure which, if used, will override all calculations and set the assessment at this amount. This assessment can be set for monthly, quarterly or annually as necessary.

Salvage Value
The salvage value of the asset at the time of replacement, if applicable.

One-Time Replacement
Notation if the asset is to be replaced on a one-time basis.

Current Replacement Cost
The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared

Future Replacement Cost
The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

Component Inventory
The task of selecting and qualifying reserve components. This task can be accomplished through on-site visual, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

Important Information

This document has been provided pursuant to an agreement containing restrictions on its use. No part of this document may be copied or distributed, in any form or by any means, nor disclosed to third parties without the expressed written permission of The Management Trust. The client shall have the right to reproduce and distribute copies of this report, or the information contained within, as may be required for compliance with all applicable regulations.

This *Trust Reserves* study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Association Institute, and various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and McGraw-Hill Professional. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and reserve study preparation.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your *Trust Reserves* study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and computations made subsequently in preparing this *Trust Reserves* study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

The Management Trust would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide a revised study.

This Trust Reserves study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described.