

**LODGES AT CANNON BEACH**  
**A CONDOMINIUM**  
**PHASE I**  
**MAINTENANCE PLAN**  
**RESERVE STUDY**  
**LEVEL III: UPDATE WITH NO VISUAL SITE INSPECTION**  
**2011**



**LODGES AT CANNON BEACH**

**A CONDOMINIUM**

**Executive Summary**

**Year of Report:**

January 1, 2011 to December 31, 2011

**Number of Units:**

8 Units

**Parameters:**

Beginning Balance: \$19,057

Year 2011 Suggested Contribution: \$19,000

Inflation: 2%

Annual Increase to Suggested Contribution: 2%

Lowest Cash Balance over 30 years (Threshold): \$34,900

Average Reserve Assessment per Unit: \$197.92

**Page References:**

- Maintenance Plan
- Cash Flow Method – Parameters Summary Page
- Cash Flow Method – 30 Year Cash Flow Projection
- Expenditures By Years
- Component Detail Summary

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Prior Year's Actual Contribution: \$19,057

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**LODGES AT CANNON BEACH**

**A CONDOMINIUM**

**PHASE I**

**Maintenance Plan - Update  
Reserve Study - Update  
Disclosure Information  
2011**

We have conducted an offsite Reserve Study update and Maintenance Plan update for the Lodges at Cannon Beach, A Condominium for the year beginning January 1, 2011 in accordance with guidelines established by Community Associations Institute and the American Institute of Certified Public Accountants.

This Reserve Study and Maintenance Plan are in compliance with the legislative changes made in 2007 to ORS Chapters 94 and 100.

The threshold method assumes that the threshold method is funded with a positive threshold balance, therefore, “fully reserved.”

We have no other involvement with the Association other than providing the Operating Budget, Reserve Study and Maintenance Plan.

Schwindt & Company believes that every Association should have a complete building envelope inspection within 12 months of completion of all construction. This inspection must be performed by a licensed building envelope inspector. Ongoing inspections of the property should be performed by a licensed inspector, with the exception of a roof inspection which may be performed by a licensed roofing contractor.

Assumptions used for inflation, interest and other factors are detailed in PAGE 1-2. This reserve study incorporates a provision for income taxes by reducing the net amount of interest earned

David T. Schwindt, the representative in charge of this report is a designated Reserve Study Specialist, Professional Reserve Analyst, and Certified Public Accountant licensed in the State of Oregon, Washington, California and Arizona.

**According to article 5 of the Declaration, “The general common elements consist of all portions of the Condominium that are not part of a unit or a limited common element.”**

**According to article 6 of the declaration, “All patios and decks, each of which shall pertain to the unit that it adjoins as shown on the Plat” and “Parking spaces within carport structures designated as limited common elements in the Plat, each of which shall pertain to the unit indicated in the attached Exhibit B.”**



The property is currently under construction; no onsite visit was performed. All information regarding the useful lives and costs of reserve components were derived by the developer, Schwindt & Company, and various construction pricing and scheduling manuals.

The terms RS Means and National Construction Estimator refer to construction industry estimating databases that are used throughout the industry to establish cost estimates and useful life estimates for common building components and products. We suggest that the Association obtain firm bids for these services.

We are not aware of any material issues which, if not disclosed, would cause a material distortion of this report.

Certain information such as the beginning balance of reserve funds and other information as detailed on the component detail reports were provided by Association representatives and are deemed to be reliable by us. This reserve study is a reflection of the information provided to us and cannot be used for the purpose of performing an audit, quality/forensic analysis, or background checks of historical records.

Onsite inspections should not be considered a project audit or quality inspection of Association property.

Certain costs outlined in the reserve study are subjective and as a result are for planning purposes only. All work should be bid out at the time of work. Actual costs will depend upon the scope of work as defined at the time the repair, replacement or restoration is performed. All estimates relating to future work are good faith estimates and projections are based on the estimated inflation rate, which may or may not prove accurate. All future costs and life expectancies should be reviewed and adjusted annually.

This reserve study, unless specifically stated in the report, assumes no fungi, mold, asbestos, lead paint, urea-formaldehyde foam insulation, termite control substances other chemicals, toxic wastes, radon gas, electro-magnetic radiation or other potentially hazardous materials (on the surface or sub-surface), or termites on the property. The existence of any of these substances may adversely affect the accuracy of this reserve study. Schwindt and Company assumes no responsibility regarding such conditions, as we are not qualified to detect substances, determine the impact or develop remediation plans/costs.

Since destructive testing was not performed, this reserve study does not attempt to address latent and/or patent defects, nor does it address useful life expectancies that are abnormally short due either to improper design or installation, or to subsequent improper maintenance. This reserve study assumes all components will be reasonably maintained for the remainder of their life expectancy.

The client is considered to have deemed previously developed component quantities as accurate and reliable. The current work is reliant on the validity of prior Reserve Studies.

Physical Analysis:

New Projects generally include information provided by developers and/or refer to drawings.

Full onsite reserve studies generally include field measurements and do not include destructive testing. Drawings are usually not available for existing projects.

Onsite updates generally include observations of physical characteristics but do not include field measurements.

Please note that the Association has not had a complete building envelope inspection. The effects of not having information relating to this inspection are not known. The amounts used in this report are solely the representations of the developer.

This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.

**LODGES AT CANNON BEACH**  
**A CONDOMINIUM**  
**PHASE I**  
**MAINTENANCE PLAN**  
**2011**

## **Executive Summary of Maintenance Plan**

Regular maintenance of common elements is necessary to insure the maximum useful life and optimum performance of components. Of particular concern are items that may present a safety hazard to residents or guests if they are not maintained in a timely manner and components that perform a water-proofing function.

This maintenance plan is a cyclical plan that calls for maintenance at regular intervals. The frequency of the maintenance activity and the cost of the activity at the first instance follow a short descriptive narrative. This maintenance plan should be reviewed on an annual basis when preparing the annual operating budget for the Association

Checklists, developed by Reed Construction Data, Inc., can be photocopied or accessed from the RS Means web site:

<http://www.rsmeans.com/supplement/67346.asp>

They can be used to assess and document the existing condition of an association's common elements and to track the carrying out of planned maintenance activities.

**LODGES AT CANNON BEACH,  
A CONDOMINIUM  
PHASE I  
Maintenance Plan  
2011**

**Pursuant to Oregon State Statutes Chapters 94 and 100 requiring a maintenance plan as an integral part of the reserve study, the maintenance procedures are as follows:**

**The Board of Directors should refer to this maintenance plan each year when preparing the annual operating budget for the Association to ensure that annual maintenance costs are included in the budget for the years that they are scheduled.**

**Property Inspection**

Schwindt & Co. recommends that a provision for the annual inspection of common area components be included in the maintenance plan for all Associations. This valuable management tool will help to ensure that all components achieve a maximum useful life expectancy and that they are functioning as intended throughout their lifespan.

The inspection should be performed by a qualified professional and should include a written summary of conclusions with specific recommendations for any needed repairs or maintenance.

This cost is an estimated amount. We suggest that the Association obtain firm bids for this service.

This expense is assumed to be included in the annual operating budget for the Association.

Cost: TBD

Frequency: Annually

**Building Envelope Inspection**

Schwindt & Co. recommends that all Associations perform a building envelope inspection within 12 months of substantial completion of all construction or immediately upon detection of any water intrusion or mold problems. This inspection process may involve invasive testing if the problems detected are serious enough to warrant such measures.

The inspection should be performed by an architect, engineer or State licensed inspector who is specifically trained in forensic water-proofing analysis. The report should include a written summary of findings with recommendations for needed repairs or maintenance procedures.

All reserve studies and maintenance plans prepared by Schwindt & Co. assume that any such recommendations will be followed and that all work will be performed by qualified professionals.

A complete envelope inspection will usually be required only one time although a visual review of the building exterior may be advisable on a periodic basis under certain circumstances. The Association should consult with the inspector(s) who performs the original assessment to determine the best course of action for their individual situation.

This expense should be included in the Association's annual operating budget for the year in which it is scheduled.

Cost: Per Consultant

Frequency: Once

## **Roof Inspection & Maintenance**

Schwindt & Co. recommends that a provision for the periodic inspection and maintenance of roofing and related components be included in the maintenance plan for all associations.

The frequency of this inspection will vary based on the age, condition, complexity and remaining useful life of the roof system. As the roof components become older the Association is well advised to consider increasing the frequency of this critical procedure.

The inspection should be performed by a qualified roofing professional and should include a written summary of conclusions with specific recommendations for any needed repairs or maintenance. Recommended maintenance should be performed promptly by a licensed roofing contractor.

The manufacturer of the roof is Malarkey. Refer to the O'Brien Constructors LLC maintenance manual for further details regarding the warranty information and maintenance procedures of the roof.

This cost is an estimated amount. We suggest that the Association obtain firm bids for this service.

This expense is assumed to be included in the annual operating budget for the Association.

Cost: TBD

Frequency: Annually

## **Gutter & Downspout Maintenance**

Schwindt & Co. recommends that all gutters and downspouts be cleaned, visually inspected and repaired as required every six months in the spring and fall.

This important maintenance procedure will help to ensure that the gutters & downspouts are free-flowing at all times thus preventing the backup of water within the drainage system. Such backup can lead to water ingress issues along the roof edges, around scuppers or other roof penetrations and at sheet metal flashing or transition points that rely on quick and continuous discharge of water from surrounding roof surfaces to maintain a watertight building exterior.

Refer to the O'Brien Constructors LCC maintenance manual for further details regarding the warranty information and maintenance procedures of the gutters and downspouts.

This cost is an estimated amount. We suggest that the Association obtain firm bids for this service.

This expense is assumed to be included in the annual operating budget for the Association.

Cost: TBD

Frequency: Annually

## **Lighting: Exterior & Common Area Interior – Inspection/Maintenance**

*Note: Replacement of flickering or burned-out bulbs or lamps should be immediate.*

Lighting is a crucial element in the provision of safety and security. All lighting systems should be inspected frequently and care must be taken to identify and correct deficiencies.

Various fixture and lamp types may be used according to area needs. Lighting systems should be designed to provide maximum, appropriate illumination at minimal energy expenditures. Lighting maintenance processes should include a general awareness of factors that cause malfunctions in lighting systems, such as dirt accumulation and lumen depreciation. It is important to fully wash, rather than dry-wipe, exterior surfaces to reclaim light and prevent further deterioration.



work should be performed by a qualified, licensed painting contractor.

Refer to the O'Brien Constructors LCC maintenance manual for further details regarding the warranty information and maintenance procedures of the siding.

This expense is included in the reserve study for the Association.

Cost: \$21,958

Frequency: Every 5 years, starting in 2013

### **Exterior Stone Siding Maintenance – Cleaning and Sealing**

This maintenance provision is for the periodic power washing and sealing of the exterior stone siding. The siding should be washed of all dirt, moss and debris and then sealed with a clear coat. This work should be performed by a qualified professional.

This expense is assumed to be included in the annual operating budget for the Association.

Cost: Included in General Building Maintenance      Frequency: Annually

### **Exterior Walls – Inspection and Maintenance**

Wood siding, trim, and other wood building components should be inspected for loose, missing, cracked or otherwise damaged components. Sealant joints should check for missing or cracked sealant.

Painted surfaces should be checked for paint deterioration, bubbling, or other signs of deterioration.

Dryer vents should be checked check **twice annually** and cleared of lint. Check operation of exhaust baffles to make sure they are present and move freely. Exhaust ducts should be cleared of debris **every 3 years**.

**The payment for maintenance and the performance of maintenance repair of dryer vents, exhaust baffles, and exhaust ducts is solely the responsibility of the Owners.**

Any penetrations of the building envelope such as utility lines and light fixtures should be checked annually for signs of water intrusion. Hose bibs should be check for leaks and other failures. Each hose bib should be shut off and drained during the winter to prevent damage from freezing.

Annual inspections to check for signs of water intrusion should be made of the building envelope interfaces such as where the widows intersect with the walls and where the walls intersect with the roof.

Repairs and maintenance should be made as required.

Inspections should be made by a qualified professional.

This expense is assumed to be included in the annual operating budget for the Association.

Cost: Included in the general building maintenance      Frequency: Annually

### **Garage Doors – Staining**

The garage doors will need to be cleaned, prepped and stained with premium quality stain. The work should be performed by a qualified, licensed painting contractor.

The cost is included in the Association’s reserve study.

Cost: \$4,330

Frequency: Every 5 years, starting in 2013

### **Asphalt Maintenance – Seal Coating**

Maintenance of asphalt paving includes the periodic application of an asphalt emulsion sealer or “seal coat” as it is commonly known. This procedure is typically performed every 4-7 years depending on a variety of factors that can affect the useful life of the sealer.

Vehicle traffic is one such factor and Associations that have asphalt paving that carries considerable vehicle traffic should consider a maintenance program that calls for seal coating of asphalt driving surfaces as frequently as every 4 years.

This maintenance procedure involves thoroughly cleaning all pavement, filling of any surface cracks and patching of any locally damaged pavement surfaces. The emulsion sealer is then applied.

Parking area demarcation lines will need to be renewed each time that a seal coat is applied. The component expense includes the cost of this work as well as the seal coating cost.

This work should be performed by a licensed paving contractor.

This expense is included in the reserve study for the Association.

Cost: \$4,143

Frequency: Every 6 years, starting in 2014

### **Concrete Pavement Maintenance**

Maintenance of the concrete pavement should include cleaning the surface areas with pressure washing equipment that includes the use of a degreasing agent to loosen and remove petroleum based stains that may occur as a result of vehicle fluids. The pavement should also be visually reviewed for signs of undue stress and cracking. Noticeable cracks should be filled with a suitable concrete crack filler to prevent penetration of moisture below the concrete surface which will undermine the integrity of the base material over time.

This expense is assumed to be included in the annual operating budget for the Association.

Cost: Included in General Building Maintenance

Frequency: Annually

## **Attics and Crawl Spaces**

**The performance of and payment for the following maintenance procedures is solely the responsibility of the owners. Owners should be made aware of the consequence of not maintaining their property. A method should be adopted for Owners to report problems.**

Attic should be inspected annually to make sure all vents are free of obstructions and exhaust ducts are tight lined to the exterior. Owners should consult a professional if mold is detected.

Crawl spaces should be checked annually to make sure all vents are free of obstructions. Owners should make sure that finish grade is below the height of the vents and vents are clear of debris. Crawl space should be checked for signs of water intrusion or moisture damage to the building structure.

Owners should consult a professional if water related damage is discovered.

This expense is assumed to be included in the annual operating budget for the Association.

## **Windows and Doors**

Exterior window and door casings, sashes and frames should be inspected annually for twisting, cracking, deterioration or other signs of distress. Hardware and weather stripping should be checked for proper operation and fit. Gaskets and seals should be reviewed for signs of moisture intrusion. Weep holes should be cleaned. These building envelope components should be repaired and replaced as necessary.

The exterior of the windows will also be cleaned once a year by power-washing.

This expense is assumed to be included in the annual operating budget for the Association.

Cost: Included in General Building Maintenance      Frequency: Annually

## **Exterior Stairs, Decks, Balconies, & Patios**

Individual decks and balconies should be carefully checked, particularly concrete and wood, on a monthly basis. Concrete should be reviewed for deficiencies such as alkali-aggregate expansion, honeycombing, chips, cracks, stains, lifted areas, tripping hazards, and/or unevenness. Railings should be reviewed for stability, hardware and overall condition. Wood should be reviewed for deficiencies such as dry rot, termites, instability, worn edges, cracks, holes and splintering. Footing/foundation should be reviewed for stability and overall condition deficiencies such as cracks and broken or missing components. Safety review should include, but not be limited to, the sufficient distance maintained between flammables and other surfaces as well as the overall condition of access points such as doors, windows, screens and thresholds.

This expense is assumed to be included in the annual operating budget for the Association.

Cost: Included in General Building Maintenance      Frequency: Annually

## **Gas Connections – Review**

**The performance of and payment for the following maintenance procedures is solely the responsibility of the owners for their units. Owners should be made aware of the consequence of not maintaining their property. A method should be adopted for Owners to report problems.**

The following check should be performed monthly for all gas connections and main valves thought out

the facility. (Do not open and close valves.) The gas company should be contacted if:

- \* There is an odor of gas anywhere at any time.
- \* Valves cannot be turned off or appear to be rusted or damaged
- \* Minor repairs are needed and maintenance personnel do not have adequate training or tools

When gas is detected by odor, building occupants should immediately evacuate, and the gas company and fire department should be contacted.

Possible undetected leakage should be visually checked (*do not open and close valves*) by performing a bubble test with soap and water, or use a handheld combustible gas detector of professional quality.

Note deficiencies, required maintenance and repairs after completion of the review.

This expense is assumed to be included in the annual operating budget for the Association.

Cost: Included in General Building Maintenance      Frequency: Monthly

**This maintenance plan is designed to preserve and extend the useful life of assets and is dependent upon proper inspection and follow up procedures.**

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**LEVEL III: UPDATE WITH NO VISUAL SITE INSPECTION**  
**2011**

**Lodges at Cannon Beach, A Condominium Phase I  
Category Detail Index**

Asset ID	Description	Replacement	Page
<b>Streets/Asphalt</b>			
1026	Asphalt - Overlay	2032	1-12
1027	Asphalt - Seal Coat I	2014	1-12
1043	Asphalt - Seal Coat II	2038	1-13
1025	Concrete - Renewal	2038	1-14
1028	Concrete Curbing & Wheel Stops - Renewal	2038	1-14
1037	Sidewalk - Renewal	2038	1-15
<b>Roofing</b>			
1017	Roof - Replacement	2038	1-17
<b>Painting</b>			
1013	Siding - Staining	2013	1-18
<b>Lighting</b>			
1012	Exterior Lighting - Replacement	2033	1-19
<b>Grounds Components</b>			
1019	Retaining Wall	unfunded	1-20
<b>Railings</b>			
1031	Exterior Handrails - Replacement	2023	1-21
<b>Doors</b>			
1006	Entry Doors - Replacement	2038	1-22
1005	Garage Doors - Replacement	2038	1-22
1041	Garage Doors - Staining	2013	1-23
<b>Landscaping</b>			
1011	Irrigation System - Major Upgrade	2038	1-24
<b>Decks</b>			
1004	Upper Level Decks - Replacement	2033	1-25
<b>Siding</b>			
1015	Siding - Cedar Board Replacement	2038	1-26
1023	Siding - Shingle Replacement	2038	1-26
1038	Siding - Stone	unfunded	1-27
<b>Signs</b>			
1024	Unit Identification Signs - Replacement	2038	1-28
	Total Funded Assets	18	
	Total Unfunded Assets	<u>2</u>	
	Total Assets	20	

**ASSOCIATION OF UNIT OWNERS OF  
LODGES AT CANNON BEACH, A CONDOMINIUM  
PHASE I**

**Property Description**

The Association of Unit Owners of Lodges at Cannon Beach, a Condominium Phase I consists of 4 buildings with 8 units located in Cannon Beach, Oregon. The Association shall provide exterior maintenance upon each unit, such as paint, maintenance, repair and replacement of roofs, gutters, downspouts, rain drains, and exterior building surfaces.

This study uses information supplied by the developer, and various construction pricing and scheduling manuals to determine useful lives and replacement costs. Schwindt and Company has not performed a site visit.

Funds will be accumulated in the replacement fund based on estimates of future need for repairs and replacement of common property components. Actual expenditures, investment income and provisions for income taxes however, may vary from estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future funding needs.

**Lodges at Cannon Beach, A Condominium Phase I**  
**Cannon Beach, OR**  
**Cash Flow Method - Threshold Funding Model Summary**

Report Date	February 23, 2011
Account Number	2ldcnn
Budget Year Beginning	January 01, 2011
Budget Year Ending	December 31, 2011
Total Units	8
Phase Development	1 of 2

<i>Report Parameters</i>	
Inflation	2.00%
Annual Assessment Increase	2.00%
Interest Rate on Reserve Deposit	0.10%
Tax Rate on Interest	0.00%
Contingency	0.00%
2011 Beginning Balance	\$23,757.00

**Threshold Funding**  
**Fully Reserved Model Summary**

- This study utilizes the fully funded threshold funding method, which establishes a reserve funding goal that keeps the reserve balance above a specified dollar or percent funded amount. The threshold method assumes that the threshold method is funded with a positive threshold balance, therefore, “fully reserved.”
- This reserve study incorporates a provision for income taxes by reducing the net amount of interest earned.
- The following items were not included in the analysis because they have useful lives greater than 30 years: Grading/drainage, foundation/footings, sanitary sewage and storm drains, telephone, cable, and Internet lines.
- This funding scenario begins with an initial contribution of **\$19,000 in 2011** and increases **2%** each year for the remaining years of the study. A minimum balance of **\$34,900** is maintained.
- The purpose of this study is to insure that adequate replacement funds are available when components reach the end of their useful life. Components will be replaced as required, not necessarily in their expected replacement year. This analysis should be updated annually.

<i>Cash Flow Method - Threshold Funding Model Summary of Calculations</i>	
Required Monthly Contribution	\$1,583.33
<i>\$197.92 per unit monthly</i>	
Average Net Monthly Interest Earned	<u>\$2.84</u>
Total Monthly Allocation to Reserves	\$1,586.17
<i>\$198.27 per unit monthly</i>	

**Lodges at Cannon Beach, A Condominium Phase I  
Cash Flow Method - Threshold Funding Model Projection**

Beginning Balance: \$23,757

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves
2011	19,000	34		42,791
2012	19,380	53		62,224
2013	19,768	47	26,288	55,751
2014	20,163	63	4,143	71,833
2015	20,566	83		92,483
2016	20,978	104		113,564
2017	21,397	125		135,086
2018	21,825	118	29,024	128,005
2019	22,262	140		150,407
2020	22,707	158	4,665	168,606
2021	23,161	181		191,949
2022	23,624	205		215,778
2023	24,097	186	42,600	197,460
2024	24,579	211		222,250
2025	25,070	236		247,556
2026	25,571	256	5,254	268,130
2027	26,083	282		294,495
2028	26,605	274	35,380	285,993
2029	27,137	301		313,431
2030	27,679	329		341,439
2031	28,233	357		370,028
2032	28,798	351	34,680	364,498
2033	29,374	246	134,682	259,435
2034	29,961	276		289,672
2035	30,560	306		320,539
2036	31,172	338		352,048
2037	31,795	369		384,212
2038	32,431	20	381,763	34,900
2039	33,079	53		68,032
2040	33,741	86		101,860

**Lodges at Cannon Beach, A Condominium Phase I  
Component Summary By Group**

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost	
<b>Capital</b>									
Asphalt - Overlay	2008	2032	24	0	21	10,844 SF	2.11	22,881	
Entry Doors - Replacement	2008	2038	30	0	27	8 Total	754.29	6,034	
Garage Doors - Replacement	2008	2038	30	0	27	8 Total	2,080.80	16,646	
Irrigation System - Major Upgrade	2008	2038	30	0	27	1 Total	5,304.50	5,304	
Retaining Wall	<i>unfunded</i>								
Roof - Replacement	2008	2038	30	0	27	1 Total	78,030.00	78,030	
Siding - Stone	<i>unfunded</i>								
Unit Identification Signs - Replacement	2008	2038	30	0	27	8 Each	249.70	1,998	
Upper Level Decks - Replacement	2008	2033	25	0	22	3,005 SF	19.89	<u>59,769</u>	
Capital - Total									<u>\$190,663</u>
<b>Non Capital</b>									
Asphalt - Seal Coat I	2008	2014	6	0	3	10,844 SF	0.36	3,904	
Asphalt - Seal Coat II	2008	2038	6	24	27	10,844 SF	0.36	3,904	
Concrete - Renewal	2008	2038	30	0	27	1 Total	65,545.20	3,277	
Concrete Curbing & Wheel Stops - Renewal	2008	2038	30	0	27	1 Total	19,875.80	1,988	
Exterior Handrails - Replacement	2008	2023	15	0	12	225 LF	36.99	8,323	
Exterior Lighting - Replacement	2008	2033	25	0	22	17 Each	122.40	2,081	
Garage Doors - Staining	2008	2013	5	0	2	8 Total	520.20	4,162	
Sidewalk - Renewal	2008	2038	30	0	27	138 SF	13.00	1,803	
Siding - Cedar Board Replacement	2008	2038	30	0	27	8,117 SF	8.95	72,652	
Siding - Shingle Replacement	2008	2038	30	0	27	1,100 Each	2.36	2,596	
Siding - Staining	2008	2013	5	0	2	16,235 SF	1.30	<u>21,105</u>	
Non Capital - Total									<u>\$125,794</u>
Total Asset Summary									<u>\$316,457</u>

**Lodges at Cannon Beach, A Condominium Phase I  
Component Summary By Category**

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
<b>Streets/Asphalt</b>								
Asphalt - Seal Coat I	2008	2014	6	0	3	10,844 SF	0.36	3,904
Asphalt - Overlay	2008	2032	24	0	21	10,844 SF	2.11	22,881
Asphalt - Seal Coat II	2008	2038	6	24	27	10,844 SF	0.36	3,904
Concrete - Renewal	2008	2038	30	0	27	1 Total	65,545.20	3,277
Concrete Curbing & Wheel Stops - Renewal	2008	2038	30	0	27	1 Total	19,875.80	1,988
Sidewalk - Renewal	2008	2038	30	0	27	138 SF	13.00	<u>1,803</u>
Streets/Asphalt - Total								<u>\$37,756</u>
<b>Roofing</b>								
Roof - Replacement	2008	2038	30	0	27	1 Total	78,030.00	<u>78,030</u>
Roofing - Total								<u>\$78,030</u>
<b>Painting</b>								
Siding - Staining	2008	2013	5	0	2	16,235 SF	1.30	<u>21,105</u>
Painting - Total								<u>\$21,105</u>
<b>Lighting</b>								
Exterior Lighting - Replacement	2008	2033	25	0	22	17 Each	122.40	<u>2,081</u>
Lighting - Total								<u>\$2,081</u>
<b>Grounds Components</b>								
Retaining Wall								<i>unfunded</i>
<b>Railings</b>								
Exterior Handrails - Replacement	2008	2023	15	0	12	225 LF	36.99	<u>8,323</u>
Railings - Total								<u>\$8,323</u>
<b>Doors</b>								
Garage Doors - Staining	2008	2013	5	0	2	8 Total	520.20	4,162
Entry Doors - Replacement	2008	2038	30	0	27	8 Total	754.29	6,034
Garage Doors - Replacement	2008	2038	30	0	27	8 Total	2,080.80	<u>16,646</u>
Doors - Total								<u>\$26,842</u>
<b>Landscaping</b>								
Irrigation System - Major Upgrade	2008	2038	30	0	27	1 Total	5,304.50	<u>5,304</u>
Landscaping - Total								<u>\$5,304</u>
<b>Decks</b>								
Upper Level Decks - Replacement	2008	2033	25	0	22	3,005 SF	19.89	<u>59,769</u>
Decks - Total								<u>\$59,769</u>

**Lodges at Cannon Beach, A Condominium Phase I  
Component Summary By Category**

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost	
<b>Siding</b>									
Siding - Cedar Board Replacement	2008	2038	30	0	27	8,117 SF	8.95	72,652	
Siding - Shingle Replacement	2008	2038	30	0	27	1,100 Each	2.36	2,596	
Siding - Stone	<i>unfunded</i>								
Siding - Total								<u>\$75,248</u>	
<b>Signs</b>									
Unit Identification Signs - Replacement	2008	2038	30	0	27	8 Each	249.70	<u>1,998</u>	
Signs - Total								<u>\$1,998</u>	
Total Asset Summary								<u>\$316,457</u>	

**Lodges at Cannon Beach, A Condominium Phase I  
Distribution by Percentage of Ideally Funded**

Description	Remaining Life	Beginning Balance	Assessment Distributed	Interest Distributed	Expenditures	Ending Balance
<b>Streets/Asphalt</b>						
Asphalt - Overlay	21	1,401	1,121	2		2,524
Asphalt - Seal Coat I	3	956	765	1		1,723
Asphalt - Seal Coat II	27	191	153			345
Concrete - Renewal	27	161	128			289
Concrete Curbing & Wheel Stops - Renewal	27	97	78			175
Sidewalk - Renewal	27	<u>88</u>	<u>71</u>			<u>159</u>
Streets/Asphalt - Total		\$2,896	\$2,316	\$4		\$5,216
<b>Roofing</b>						
Roof - Replacement	27	<u>3,824</u>	<u>3,058</u>	<u>5</u>		<u>6,887</u>
Roofing - Total		\$3,824	\$3,058	\$5		\$6,887
<b>Painting</b>						
Siding - Staining	2	<u>6,205</u>	<u>4,963</u>	<u>9</u>		<u>11,177</u>
Painting - Total		\$6,205	\$4,963	\$9		\$11,177
<b>Lighting</b>						
Exterior Lighting - Replacement	22	<u>122</u>	<u>98</u>			<u>220</u>
Lighting - Total		\$122	\$98			\$220
<b>Grounds Components</b>						
Retaining Wall						
Grounds Components - Total						
<i>Unfunded</i>						
<b>Railings</b>						
Exterior Handrails - Replacement	12	<u>816</u>	<u>652</u>	<u>1</u>		<u>1,469</u>
Railings - Total		\$816	\$652	\$1		\$1,469
<b>Doors</b>						
Entry Doors - Replacement	27	296	236			533
Garage Doors - Replacement	27	816	652	1		1,469
Garage Doors - Staining	2	<u>1,224</u>	<u>979</u>	<u>2</u>		<u>2,204</u>
Doors - Total		\$2,335	\$1,867	\$3		\$4,206
<b>Landscaping</b>						
Irrigation System - Major Upgrade	27	<u>260</u>	<u>208</u>			<u>468</u>
Landscaping - Total		\$260	\$208			\$468

**Lodges at Cannon Beach, A Condominium Phase I  
Distribution by Percentage of Ideally Funded**

Description	<i>Remaining Life</i>	<i>Beginning Balance</i>	<i>Assessment Distributed</i>	<i>Interest Distributed</i>	<i>Expenditures</i>	<i>Ending Balance</i>
<b>Decks</b>						
Upper Level Decks - Replacement	22	<u>3,515</u>	<u>2,811</u>	<u>5</u>		<u>6,330</u>
Decks - Total		\$3,515	\$2,811	\$5		\$6,330
<b>Siding</b>						
Siding - Cedar Board Replacement	27	3,560	2,847	5		6,412
Siding - Shingle Replacement	27	127	102			229
Siding - Stone						
Siding - Total	<i>Unfunded</i>	<u>\$3,687</u>	<u>\$2,949</u>	<u>\$5</u>		<u>\$6,641</u>
<b>Signs</b>						
Unit Identification Signs - Replacement	27	<u>98</u>	<u>78</u>			<u>176</u>
Signs - Total		\$98	\$78			\$176
Grand - Total		<u>\$23,757</u>	<u>\$19,000</u>	<u>\$34</u>		<u>\$42,791</u>

**Lodges at Cannon Beach, A Condominium Phase I  
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2011</i>	
<i>No Replacement in 2012</i>	
<b>Replacement Year 2013</b>	
Garage Doors - Staining	4,330
Siding - Staining	21,958
<b>Total for 2013</b>	<b><u>\$26,288</u></b>
<b>Replacement Year 2014</b>	
Asphalt - Seal Coat I	4,143
<b>Total for 2014</b>	<b><u>\$4,143</u></b>
<i>No Replacement in 2015</i>	
<i>No Replacement in 2016</i>	
<i>No Replacement in 2017</i>	
<b>Replacement Year 2018</b>	
Garage Doors - Staining	4,780
Siding - Staining	24,244
<b>Total for 2018</b>	<b><u>\$29,024</u></b>
<i>No Replacement in 2019</i>	
<b>Replacement Year 2020</b>	
Asphalt - Seal Coat I	4,665
<b>Total for 2020</b>	<b><u>\$4,665</u></b>
<i>No Replacement in 2021</i>	
<i>No Replacement in 2022</i>	
<b>Replacement Year 2023</b>	
Exterior Handrails - Replacement	10,555
Garage Doors - Staining	5,278
Siding - Staining	26,767
<b>Total for 2023</b>	<b><u>\$42,600</u></b>

**Lodges at Cannon Beach, A Condominium Phase I  
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2024</i>	
<i>No Replacement in 2025</i>	
<b>Replacement Year 2026</b>	
Asphalt - Seal Coat I	5,254
<b>Total for 2026</b>	<b><u>\$5,254</u></b>
<i>No Replacement in 2027</i>	
<b>Replacement Year 2028</b>	
Garage Doors - Staining	5,827
Siding - Staining	29,553
<b>Total for 2028</b>	<b><u>\$35,380</u></b>
<i>No Replacement in 2029</i>	
<i>No Replacement in 2030</i>	
<i>No Replacement in 2031</i>	
<b>Replacement Year 2032</b>	
Asphalt - Overlay	34,680
<b>Total for 2032</b>	<b><u>\$34,680</u></b>
<b>Replacement Year 2033</b>	
Exterior Lighting - Replacement	3,217
Garage Doors - Staining	6,434
Siding - Staining	32,629
Upper Level Decks - Replacement	92,402
<b>Total for 2033</b>	<b><u>\$134,682</u></b>
<i>No Replacement in 2034</i>	
<i>No Replacement in 2035</i>	
<i>No Replacement in 2036</i>	
<i>No Replacement in 2037</i>	
<b>Replacement Year 2038</b>	
Asphalt - Seal Coat II	6,663
Concrete - Renewal	5,594

**Lodges at Cannon Beach, A Condominium Phase I  
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2038 continued...</i>	
Concrete Curbing & Wheel Stops - Renewal	3,393
Entry Doors - Replacement	10,300
Exterior Handrails - Replacement	14,206
Garage Doors - Replacement	28,414
Irrigation System - Major Upgrade	9,054
Roof - Replacement	133,188
Sidewalk - Renewal	3,078
Siding - Cedar Board Replacement	124,008
Siding - Shingle Replacement	4,431
Siding - Staining	36,025
Unit Identification Signs - Replacement	3,410
<b>Total for 2038</b>	<b><u>\$381,763</u></b>

**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

<b>Asphalt - Overlay</b>		10,844 SF	@ \$2.11
Asset ID	1026	Asset Cost	\$22,880.84
	Capital	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$34,679.72
Placed in Service	January 2008		
Useful Life	24		
Replacement Year	2032		
Remaining Life	21		

This provision funds for the renewal of the asphalt driving and parking surfaces. Renewal of asphalt paving refers to the periodic application of a bituminous asphalt overlay that is typically applied in 1” to 2” thicknesses, depending on the individual project specifications. This overlay is known as a “wearing course” and is designed to renew the life of the pavement for another lifecycle of equal duration to the initial life expectancy of the pavement. The new surface will subsequently be maintained in the same manner as the original asphalt surface.

According to the developer there is 10,844 SF of Asphalt.

This work should be performed by a licensed paving contractor.

Estimated cost per developer.

Estimated useful life assumptions are based on accepted industry estimates as established by RS Means (RSM) and/or The National Construction Estimator (NCE).

<b>Asphalt - Seal Coat I</b>		10,844 SF	@ \$0.36
Asset ID	1027	Asset Cost	\$3,903.84
	Non Capital	Percent Replacement	100%
	Streets/Asphalt	Future Cost	\$4,142.79
Placed in Service	January 2008		
Useful Life	6		
Replacement Year	2014		
Remaining Life	3		

Maintenance of asphalt paving includes the periodic application of an asphalt emulsion sealer or “seal coat” as it is commonly known. This procedure is typically performed every 4-7 years depending on a variety of factors that can affect the useful life of the sealer.

Vehicle traffic is one such factor and Associations that have asphalt paving that carries considerable vehicle traffic should consider a maintenance program that calls for seal coating

**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

*Asphalt - Seal Coat I continued...*

of asphalt driving surfaces as frequently as every 4 years.

This maintenance procedure involves thoroughly cleaning all pavement, filling of any surface cracks and patching of any locally damaged pavement surfaces then applying the emulsion sealer.

This work should be performed by a licensed paving contractor.

According to the developer there is 10,844 SF of Asphalt.

Estimated costs are based on square foot estimates provided by Kodiak Pacific Construction.

Estimated useful life assumptions are based on accepted industry estimates as established by RS Means (RSM) and/or The National Construction Estimator (NCE).

<b>Asphalt - Seal Coat II</b>			
Asset ID	1043	10,844 SF	@ \$0.36
	Non Capital	Asset Cost	\$3,903.84
	Streets/Asphalt	Percent Replacement	100%
Placed in Service	January 2008	Future Cost	\$6,663.41
Useful Life	6		
Adjustment	24		
Replacement Year	2038		
Remaining Life	27		

Maintenance of asphalt paving includes the periodic application of an asphalt emulsion sealer or “seal coat” as it is commonly known. This procedure is typically performed every 4-7 years depending on a variety of factors that can affect the useful life of the sealer.

Vehicle traffic is one such factor and Associations that have asphalt paving that carries considerable vehicle traffic should consider a maintenance program that calls for seal coating of asphalt driving surfaces as frequently as every 4 years.

This maintenance procedure involves thoroughly cleaning all pavement, filling of any surface cracks and patching of any locally damaged pavement surfaces then applying the emulsion sealer.

This work should be performed by a licensed paving contractor.

**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

*Asphalt - Seal Coat II continued...*

According to the developer there is 10,844 SF of Asphalt.

Estimated costs are based on square foot estimates provided by Kodiak Pacific Construction.

Estimated useful life assumptions are based on accepted industry estimates as established by RS Means (RSM) and/or The National Construction Estimator (NCE).

<b>Concrete - Renewal</b>			1 Total	@ \$65,545.20
Asset ID	1025		Asset Cost	\$3,277.26
	Non Capital		Percent Replacement	5%
	Streets/Asphalt		Future Cost	\$5,593.91
Placed in Service	January 2008			
Useful Life	30			
Replacement Year	2038			
Remaining Life	27			

This provision is for the partial replacement of 5% of the concrete that is located in the garages and portico. Cracks should be filled as needed.

According to the developer there is 7,882 SF.

Estimated cost per developer.

Estimated useful life assumptions are based on accepted industry estimates as established by RS Means (RSM) and/or The National Construction Estimator (NCE).

<b>Concrete Curbing &amp; Wheel Stops - Renewal</b>			1 Total	@ \$19,875.80
Asset ID	1028		Asset Cost	\$1,987.58
	Non Capital		Percent Replacement	10%
	Streets/Asphalt		Future Cost	\$3,392.57
Placed in Service	January 2008			
Useful Life	30			
Replacement Year	2038			
Remaining Life	27			

This provision funds for the renewal of concrete curbing in the year 2039.

**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

*Concrete Curbing & Wheel Stops - Renewal continued...*

Since the expected useful life of a typical concrete curb installation is greater than 30 years, this component only provides funding for the replacement of a percentage of the total amount of curbing.

According to the developer there is 1,194 LF of curbing.

Estimated useful life assumptions are based on accepted industry estimates as established by RS Means (RSM) and/or The National Construction Estimator (NCE).

Estimated cost per developer.

<b>Sidewalk - Renewal</b>			
		2,774 SF	@ \$13.00
Asset ID	1037	Asset Cost	\$1,803.10
	Non Capital	Percent Replacement	5%
	Streets/Asphalt	Future Cost	\$3,077.69
Placed in Service	January 2008		
Useful Life	30		
Replacement Year	2038		
Remaining Life	27		

This provision funds for the partial replacement of 5% of the concrete sidewalks in the year 2038.

Since the expected useful life of a typical concrete sidewalk installation is greater than 30 years, this component only provides funding for the replacement of a percentage of the total amount of sidewalk area.

The Developer has indicated that there are approximately 2,774 total square feet (SF) of sidewalk area.

Estimated useful life assumptions are based on accepted industry estimates as established by RS Means (RSM) and/or The National Construction Estimator (NCE).

Estimated cost based on square foot information provided by Kal's Paving.













**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

<b>Entry Doors - Replacement</b>		8 Total	@ \$754.29
Asset ID	1006	Asset Cost	\$6,034.32
	Capital	Percent Replacement	100%
	Doors	Future Cost	\$10,299.90
Placed in Service	January 2008		
Useful Life	30		
Replacement Year	2038		
Remaining Life	27		

This provision is for the replacement of the unit doors. The Doors are ThermaTru Mahogany (model number CCM60).

Estimated cost per developer.

Estimated useful life per Fannie Mae.

<b>Garage Doors - Replacement</b>		8 Total	@ \$2,080.80
Asset ID	1005	Asset Cost	\$16,646.40
	Capital	Percent Replacement	100%
	Doors	Future Cost	\$28,413.51
Placed in Service	January 2008		
Useful Life	30		
Replacement Year	2038		
Remaining Life	27		

This provision is for the replacement of 8 unit garage doors in 2038. The doors are Wanye Dalton 9800 prefinished vinyl mahogany.

Estimated cost per developer.

Estimated useful life per Fannie Mae.







**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

<b>Siding - Cedar Board Replacement</b>		16,235 SF	@ \$8.95
Asset ID	1015	Asset Cost	\$72,651.62
	Non Capital	Percent Replacement	50%
	Siding	Future Cost	\$124,008.07
Placed in Service	January 2008		
Useful Life	30		
Replacement Year	2038		
Remaining Life	27		

This provision is for the replacement of the cedar board siding, trim, rain screen and plywood to build the rain screen. Since the expected useful life of the cedar board siding is generally greater than 30 years, a provision to replace 50% of the siding is used.

Estimated cost per developer.

Estimated area is 16,235 square feet (SF) per the developer.

Estimated useful life assumptions are based on accepted industry estimates as established by RS Means (RSM) and/or The National Construction Estimator (NCE).

<b>Siding - Shingle Replacement</b>		2,200 Each	@ \$2.36
Asset ID	1023	Asset Cost	\$2,596.00
	Non Capital	Percent Replacement	50%
	Siding	Future Cost	\$4,431.08
Placed in Service	January 2008		
Useful Life	30		
Replacement Year	2038		
Remaining Life	27		

This provision is for the replacement of the shingle siding in 2034.

According to the developer there is 2,200 SF of shingle siding in both phases.

Estimated cost per developer.

Estimated useful life per Keeley O'Brien of O'Brien Constructors LLC. 503-241-2875.

**Lodges at Cannon Beach, A Condominium Phase I  
Detail Report by Category**

**Siding - Stone**

Asset ID	1038	Asset Cost	
	Capital	Percent Replacement	100%
	Siding	Future Cost	
Placed in Service	January 2008		
Useful Life	30		
Replacement Year	2038		
Remaining Life	27		

**Note: The estimated useful life of the stone siding is greater than thirty years. The siding is in the reserve study for inventory purposes only.**

Estimated useful life per Keeley O'Brien of O'Brien Constructors LLC. 503-241-2875

**Siding - Total Current Cost                      \$75,248**



# Additional Disclosures

## Levels of Service

The following three categories describe the various types of Reserve Studies, from exhaustive to minimal.

**I. Full:** A Reserve Study in which the following five Reserve Study tasks are performed:

- Component Inventory
- Condition Assessment (based upon on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

**II. Update, With-Site-Visit/On-Site Review:** A Reserve Study update in which the following five Reserve Study tasks are performed:

- Component Inventory (verification only, not quantification)
- Condition Assessment (based on on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

**III. Update, No-Site-Visit/Off Site Review:** A Reserve Study update with no on-site visual observations in which the following three Reserve Study tasks are performed:

- Life and Valuation Estimates
- Fund Status
- Funding Plan

## Terms and Definitions

**CASH FLOW METHOD:** A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

**COMPONENT:** The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

**COMPONENT INVENTORY:** The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s) of the

association or cooperative.

**COMPONENT METHOD:** A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

**CONDITION ASSESSMENT:** The task of evaluating the current condition of the component based on observed or reported characteristics.

**CURRENT REPLACEMENT COST:** See "Replacement Cost."

**DEFICIT:** An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

**EFFECTIVE AGE:** The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

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

**FULLY FUNDED:** 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

**FULLY FUNDED BALANCE (FFB):** Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

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

or

$FFB = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate})^{\text{Remaining Life}}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate})^{\text{Remaining Life}}]$

**FUND STATUS:** The status of the reserve fund as compared to an established benchmark such as percent funding.

The percent funded as of January 1, 2009 is 59%.

The Association appears to be adequately/inadequately funded as the threshold method.

**FUNDING GOALS:** Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

**Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

**Full Funding:** Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.

**Statutory Funding:** Establishing a Reserve funding goal of setting aside the specific minimum

amount of Reserves required by local statutes.

**Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than “Fully Funding.”

**FUNDING PLAN:** An association’s plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

**FUNDING PRINCIPLES:**

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

**LIFE AND VALUATION ESTIMATES:** The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

**PERCENT FUNDED:** The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual (or projected) Reserve Balance* to the *Fully Funded Balance*, expressed as a percentage.

**PHYSICAL ANALYSIS:** The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

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

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

**RESERVE BALANCE:** Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based upon information provided and not audited.

**RESERVE PROVIDER:** An individual that prepares Reserve Studies.

**RESERVE STUDY:** A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. “Our budget and finance committee is soliciting proposals to update our Reserve Study for next year’s budget.”

**RESPONSIBLE CHARGE:** A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein: