RESERVE STUDY UPDATE

FOR

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION

Management By:
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16625 S Desert Foothills Pkwy
Phoenix, AZ 85048

Prepared By:
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December 10, 2025

EXECUTIVE SUMMARY

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION

December 10, 2025

Starting Reserve Balance 1/1/2026	$41,427
Projected Fully Funded Reserve Balance 1/1/2026	$494,853
Percent Fully Funded 1/1/2026	8%
Annual Reserve Contribution 2025	$83,564

This study is an update of our previous study dated June 15, 2021. This update was performed with a field visit.

This study is based on the cash flow method of funding. This reserve analysis is based on an observation and assessment of the condition of the reserve fund based on a field assessment of the condition of the assets of the association, a projection of the useful life and remaining useful life of those assets, and the replacement costs for those assets. The financial information was provided by the association on the reserve fund balance and contribution to the fund. The general guideline used in our studies to determine whether the cost to replace or maintain an asset is paid from reserves or operations is if the replacement cost exceeds $500 it is included in reserves. That can be modified at the direction of the Board.

Following are some key points relative to your study:

1. The study has a fiscal year beginning date of January 1, 2026.

2. The study reflects a beginning balance for the reserve fund of $41,427 and an annual contribution of $83,564. The financial information was provided by the association and was not audited. As reflected by the Current Assessment Funding Model Projection in the report, on pages 1-1 and 1-2, the reserve fund is underfunded. Reserve funds are generally considered to be in a healthy condition if the reserve balance is at or above 70% of the fully funded balance.

3. Because of the underfunded condition, based on the current funding, an Alternate Funding Model is included in the report, on pages 1-3 and 1-4, for consideration by the Association. The model suggests an annual contribution of $95,000 in 2026, an annual increase in the annual contribution of 4% in 2027 through 2034 and in 2043 and following years. Other funding alternatives can be prepared if desired by the Board. Note that the study includes a 4% inflation on costs based on current construction cost indexes so some increase in funding over time is recommended to stay even with cost increase from inflation.

4. This study should be compared with the operating budget to make sure there are no overlaps or gaps of items in this study and in the operating budget.

5. The physical assessment of components was based on field reviews conducted on October 2, 2025. The field review consisted of on-site observations of common areas and facilities. No sampling or destructive testing was performed. The on-site observation is not a comprehensive quality inspection. Quantification of assets was accomplished with a combination of on-site measurements, aerial photos and information provided by the association.

6. The consultant has no other involvement with the association that could be considered a conflict of interest. To our knowledge, there are no material issues that have not been disclosed that would cause a distortion of the association's reserve fund.

Report was prepared by:

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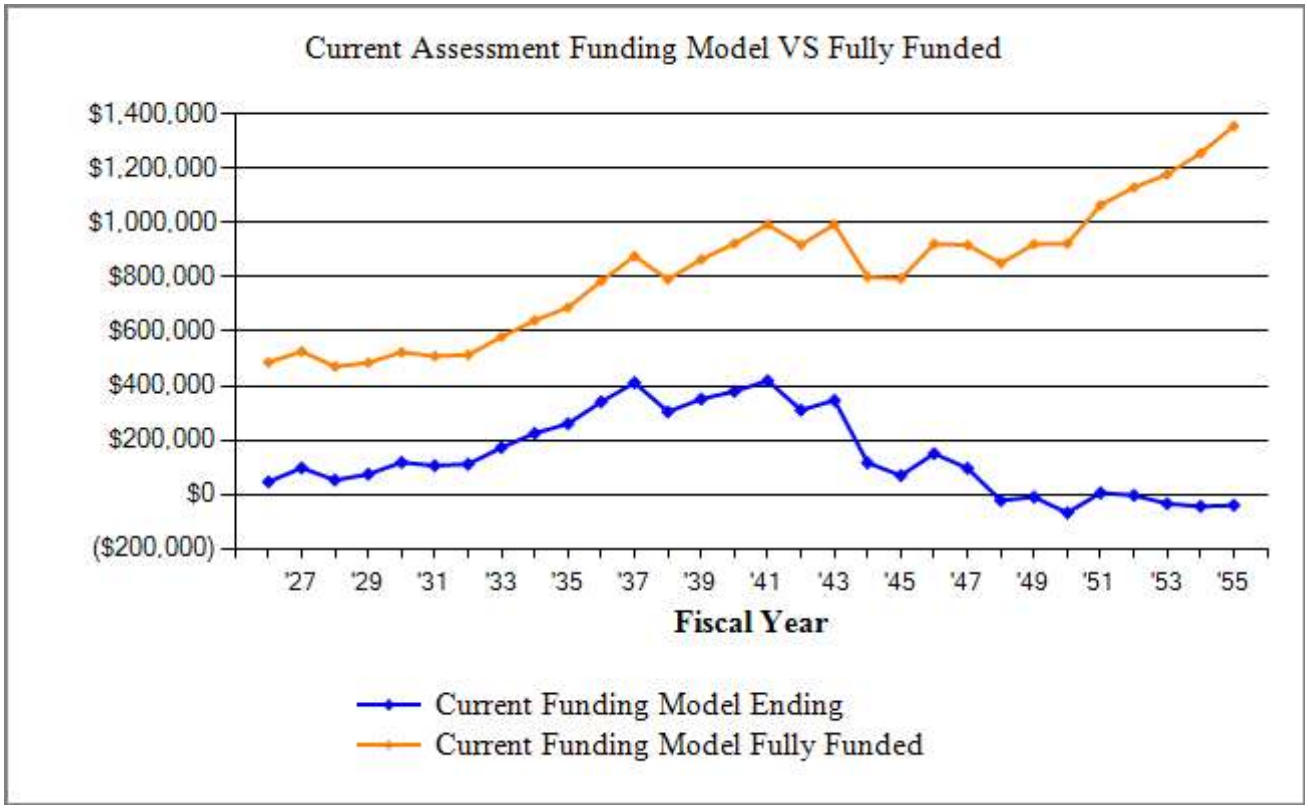
QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Current Assessment Funding Model Summary

Report Date	December 10, 2025
Budget Year Beginning	January 1, 2026
Budget Year Ending	December 31, 2026
Total Units	88

Report Parameters

Inflation	3.00%
Annual Assessment Increase	0.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate on Interest	30.00%
2026 Beginning Balance	$41,427



Current Assessment Funding Model Summary of Calculations

Required Monthly Contribution	$6,963.67
$79.13 per unit monthly	
Average Net Monthly Interest Earned	$4.56
Total Monthly Allocation to Reserves	$6,968.23
$79.18 per unit monthly	

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Current Assessment Funding Model Projection

Beginning Balance: $41,427

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2026	952,570	83,564	55	78,848	46,198	485,928	10%
2027	981,148	83,564	412	32,754	97,420	525,739	19%
2028	1,010,582	83,564	100	128,391	52,693	470,644	11%
2029	1,040,899	83,564	250	62,261	74,246	484,480	15%
2030	1,072,126	83,564	554	40,510	117,855	523,237	23%
2031	1,104,290	83,564	471	95,930	105,960	508,645	21%
2032	1,137,419	83,564	511	78,459	111,576	513,667	22%
2033	1,171,541	83,564	933	23,909	172,164	579,293	30%
2034	1,206,688	83,564	1,301	32,189	224,840	640,605	35%
2035	1,242,888	83,564	1,546	49,885	260,065	687,841	38%
2036	1,280,175	83,564	2,108	5,135	340,602	784,969	43%
2037	1,318,580	83,564	2,598	15,822	410,942	876,457	47%
2038	1,358,138	83,564	1,853	192,284	304,074	791,460	38%
2039	1,398,882	83,564	2,180	38,916	350,902	864,486	41%
2040	1,440,848	83,564	2,376	57,737	379,106	922,998	41%
2041	1,484,074	83,564	2,650	46,943	418,377	992,689	42%
2042	1,528,596	83,564	1,896	193,601	310,236	918,417	34%
2043	1,574,454	83,564	2,146	49,933	346,013	992,756	35%
2044	1,621,687	83,564	546	313,549	116,574	800,748	15%
2045	1,670,338	83,564	217	130,830	69,525	794,215	9%
2046	1,720,448	83,564	780	3,599	150,270	921,659	16%
2047	1,772,062	83,564	403	138,039	96,198	917,673	10%
2048	1,825,223	83,564		202,208	-22,445	850,791	
2049	1,879,980	83,564		70,816	-9,698	920,651	
2050	1,936,380	83,564		141,706	-67,839	923,109	
2051	1,994,471	83,564		10,050	5,675	1,064,870	1%
2052	2,054,305	83,564		92,944	-3,705	1,129,235	
2053	2,115,934	83,564		113,777	-33,918	1,177,918	
2054	2,179,412	83,564		94,032	-44,387	1,255,631	
2055	2,244,795	83,564		79,338	-40,160	1,354,987	

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Alternate Funding Model Summary

Report Date	December 10, 2025
Budget Year Beginning	January 1, 2026
Budget Year Ending	December 31, 2026
Total Units	88

Report Parameters

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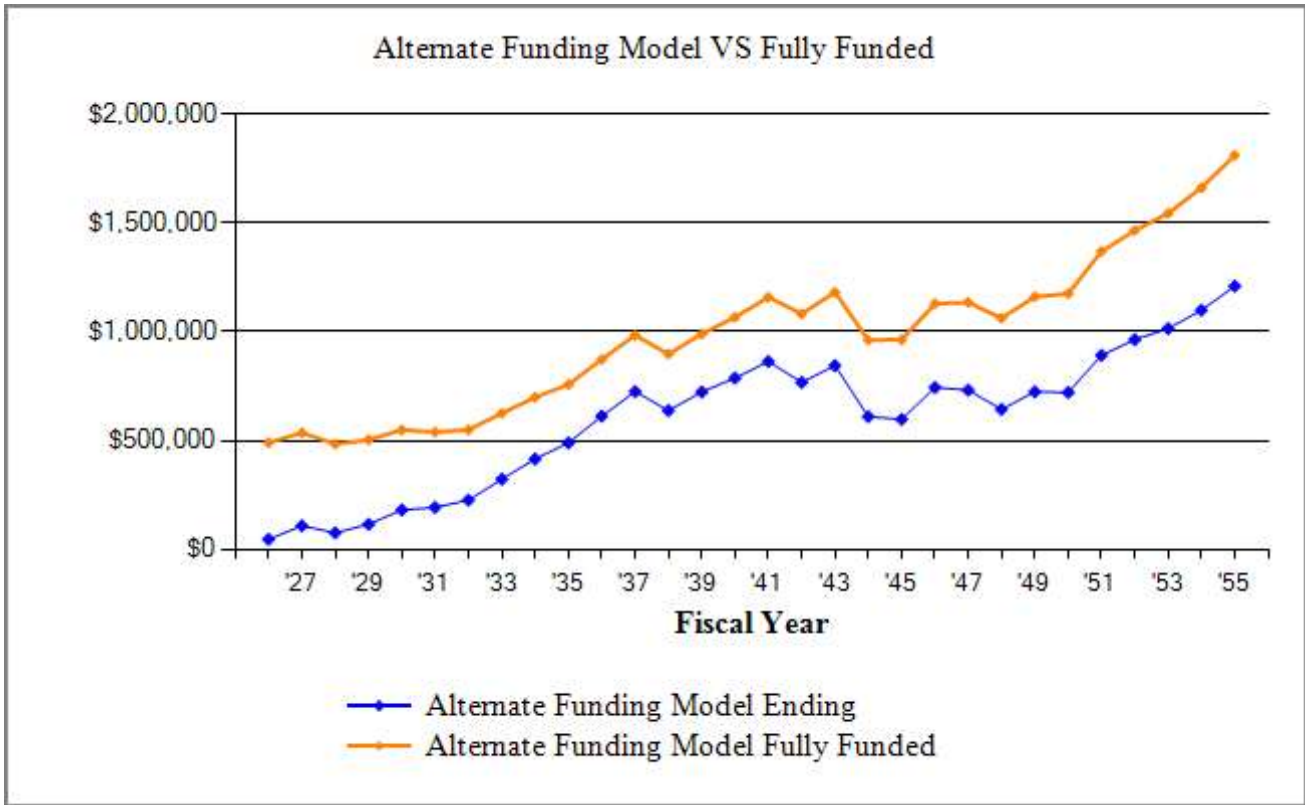
Interest Rate on Reserve Deposit	1.00%
Tax Rate on Interest	30.00%
2026 Beginning Balance	$41,427



Alternate Funding Model Summary of Calculations

Required Monthly Contribution	$6,963.67
$79.13 per unit monthly	
Average Net Monthly Interest Earned	$4.56
Total Monthly Allocation to Reserves	$6,968.23
$79.18 per unit monthly	

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Alternate Funding Model Projection

Beginning Balance: $41,427

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2026	952,570	83,564	55	78,848	46,198	490,646	9%
2027	990,673	95,000	453	33,072	108,579	535,997	20%
2028	1,030,300	98,800	219	130,896	76,702	484,486	16%
2029	1,071,512	102,752	479	64,092	115,841	503,571	23%
2030	1,114,373	106,862	924	42,106	181,520	549,135	33%
2031	1,158,948	111,137	990	100,678	192,969	539,004	36%
2032	1,205,305	115,582	1,210	83,142	226,619	549,609	41%
2033	1,253,518	120,205	1,869	25,582	323,111	625,845	52%
2034	1,303,658	125,014	2,500	34,775	415,849	698,804	60%
2035	1,355,805	125,014	3,013	54,417	489,459	757,616	65%
2036	1,410,037	125,014	3,873	5,656	612,689	872,991	70%
2037	1,466,438	125,014	4,654	17,596	724,760	984,201	74%
2038	1,525,096	125,014	4,048	215,922	637,900	897,385	71%
2039	1,586,100	125,014	4,645	44,124	723,434	989,700	73%
2040	1,649,544	125,014	5,091	66,099	787,439	1,066,946	74%
2041	1,715,526	125,014	5,624	54,264	863,813	1,158,646	75%
2042	1,784,147	125,014	4,954	225,968	767,813	1,082,365	71%
2043	1,855,512	130,014	5,473	58,846	844,453	1,181,334	71%
2044	1,929,733	135,215	3,824	373,108	610,384	962,104	63%
2045	2,006,922	140,623	3,717	157,193	597,530	963,519	62%
2046	2,087,199	146,248	4,721	4,366	744,134	1,128,987	66%
2047	2,170,687	152,098	4,616	169,091	731,756	1,135,018	64%
2048	2,257,515	158,182	3,983	250,099	643,823	1,062,511	61%
2049	2,347,815	164,509	4,525	88,439	724,418	1,160,918	62%
2050	2,441,728	171,090	4,483	178,687	721,303	1,175,319	61%
2051	2,539,397	177,933	5,652	12,796	892,092	1,368,975	65%
2052	2,640,973	185,051	6,129	119,487	963,784	1,465,816	66%
2053	2,746,612	192,453	6,462	147,690	1,015,010	1,543,854	66%
2054	2,856,476	200,151	7,023	123,245	1,098,939	1,661,687	66%
2055	2,970,735	208,157	7,771	104,995	1,209,872	1,810,584	67%

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Asset Summary Report

Description	Asset ID	Replacement Date	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Asphalt									
Asphalt - Crack Seal Asset ID: 1004	2022	2026	3,881	3	0	0	3,881	1 @	3,880.75
Asphalt - Overlay Asset ID: 1003	*1003*	*Unfunded*							
Asphalt - Repairs/Surface Treatment Asset ID: 1002	2019	2026	29,947	6	1	0	29,947	1 @	29,947.00
Building Components									
Balconies - Recoat Asset ID: 1046	2025	2034	25,410	9	0	8	32,189	1 @	25,410.00
Balconies - Repairs/Replacements - P.. Asset ID: 1046	2006	2027	24,000	28	-7	1	24,720	40 @	3,000.00
Balconies - Repairs/Replacements - P.. Asset ID: 1046	2006	2028	24,000	28	-6	2	25,462	40 @	3,000.00
Balconies - Repairs/Replacements - P.. Asset ID: 1046	2006	2029	24,000	28	-5	3	26,225	40 @	3,000.00
Balconies - Repairs/Replacements - P.. Asset ID: 1046	2006	2030	24,000	28	-4	4	27,012	40 @	3,000.00
Balconies - Repairs/Replacements - P.. Asset ID: 1046	2006	2031	24,000	28	-3	5	27,823	40 @	3,000.00
Community Center - Remodel Asset ID: 1019	*1019*	*Unfunded*							
Equipment									
Irrigation Controller - Replace Asset ID: 1029	2017	2032	750	15	0	6	896	1 @	750.00
Irrigation System (A,B,C) - Refurbish Asset ID: 1048	2024	2054	9,667	30	0	28	22,117	1 @	29,000.00
Irrigation System (D,E) - Refurbish Asset ID: 1049	2025	2055	9,667	30	0	29	22,780	1 @	29,000.00
Irrigation System (F,G,H) - Refurbish Asset ID: 1030	2022	2052	7,667	30	0	26	16,534	1 @	23,000.00
Irrigation System (I,J,K) - Refurbish Asset ID: 1047	2023	2053	9,200	30	0	27	20,436	1 @	27,600.00
Pool Filter - Replace Asset ID: 1015	2005	2026	3,000	18	3	0	3,000	1 @	3,000.00
Pool Heat Pumps - Replace Asset ID: 1017	2024	2032	15,531	8	0	6	18,544	1 @	15,530.69
Pool Heater - Replace Asset ID: 1025	2019	2027	4,800	8	0	1	4,944	1 @	4,800.00
Pool Pump & Motor - Repair/Replace Asset ID: 1022	2016	2028	1,100	12	0	2	1,167	1 @	1,100.00
Spa - Resurface Asset ID: 1026	2014	2030	10,000	12	4	4	11,255	1 @	10,000.00

Description	Asset ID	Replacement Date	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Equipment continued...									
Spa Filter - Replace Asset ID: 1023	2023	2035	3,302	12	0	9	4,309	1 @	3,302.22
Spa Heater - Replace Asset ID: 1024	2020	2028	3,821	8	0	2	4,054	1 @	3,820.97
Spa Pump & Motors - Repair/Replace Asset ID: 1021	2016	2028	2,100	12	0	2	2,228	1 @	2,100.00
Grounds Components									
Carport Facia - Repairs/Replacements Asset ID: 1006	1986	2026	8,000	35	5	0	8,000	1 @	8,000.00
Concrete Components - Repair Asset ID: 1001	2017	2032	3,000	15	0	6	3,582	1 @	3,000.00
Granite - Replenish Asset ID: 1028	2022	2029	26,250	6	1	3	28,684	350 @	75.00
Trash Enclosure Gates - Replace Asset ID: 1011	2007	2032	9,600	25	0	6	11,463	8 @	1,200.00
Gutters and Downspouts									
Downspouts & Gutters - Refurbish Asset ID: 1032	*1032*	*Unfunded*							
Lighting									
Pole Lights - Replace Asset ID: 1012	1986	2031	33,750	25	20	5	39,125	45 @	750.00
Porch Lights - Replace Asset ID: 1038	2023	2038	9,044	15	0	12	12,894	1 @	9,043.91
Mailboxes									
Mailboxes - Replace Asset ID: 1031	2017	2037	5,584	20	0	11	7,729	1 @	5,583.65
Painting									
Community - Paint Asset ID: 1008	2017	2028	90,000	10	1	2	95,481	1 @	90,000.00
Metal Fencing/Gates - Repair/Replac.. Asset ID: 1010	2017	2029	2,847	8	4	3	3,111	1 @	2,846.62
Monuments - Repairs Asset ID: 1009	2017	2030	1,993	8	5	4	2,243	1 @	1,992.64
Recreation/Pool									
Pool - Resurface Asset ID: 1018	2014	2039	26,500	25	0	13	38,916	1 @	26,500.00
Pool Deck - Coat Asset ID: 1013	2015	2033	19,440	7	4	7	23,909	2430 @	8.00

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Asset Summary Report

Description	Asset ID	Replacement Date	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Recreation/Pool continued...									
Pool Deck - Resurface Asset ID: 1014	2015	2026	34,020	21	-10	0	34,020	2430 @	14.00
Pool Furnishings - Repair/Replace Asset ID: 1016	2021	2027	3,000	5	1	1	3,090	1 @	3,000.00
Roofing									
Roofs (Bldg C) - Replace Asset ID: 1041	2024	2049	35,882	25	0	23	70,816	1 @	35,882.00
Roofs (Bldg E) - Replace Asset ID: 1042	2025	2050	35,882	25	0	24	72,941	1 @	35,882.00
Roofs (Bldg F) - Replace Asset ID: 1037	2019	2044	35,882	25	0	18	61,087	1 @	35,882.00
Roofs (Bldgs A, B & H) - Replace Asset ID: 1034	2017	2042	107,646	25	0	16	172,740	3 @	35,882.00
Roofs (Bldgs D, G & K) - Replace Asset ID: 1039	2019	2044	107,646	25	0	18	183,260	3 @	35,882.00
Roofs (Bldgs I & J) - Replace Asset ID: 1040	2020	2045	71,764	25	0	19	125,839	2 @	35,882.00
Roofs (Clubhouse) - Replace Asset ID: 1050	2006	2031	25,000	25	0	5	28,982	1 @	25,000.00

Asphalt - Crack Seal

		1 LS	@ $3,880.75
Asset ID	1004	Asset Actual Cost	$3,880.75
	Streets/Parking	Percent Replacement	100%
Category	Asphalt	Future Cost	$3,880.75
Placed in Service	August 2022		
Useful Life	3		
Replacement Year	2026		
Remaining Life	0		

Poor condition. Crack sealing should be anticipated on a 3 year recurring cycle. Approximately 56,600 sq. ft. of asphalt.

2022 - Holbrook crack sealed total $3,448.

Asphalt - Overlay

		56,600 SF	
Asset ID	1003	Asset Actual Cost	
	Streets/Parking	Percent Replacement	100%
Category	Asphalt	Future Cost	
Placed in Service	January 2006		
No Useful Life			

Asphalt - Overlay continued...

Good condition. According to prior study an overlay was installed in 2006. Pavement is in good structural condition

Asphalt - Repairs/Surface Treatment

		1 LS	@ $29,947.00
Asset ID	1002	Asset Actual Cost	$29,947.00
	Streets/Parking	Percent Replacement	100%
Category	Asphalt	Future Cost	$29,947.00
Placed in Service	August 2019		
Useful Life	6		
Adjustment	1		
Replacement Year	2026		
Remaining Life	0		

Poor condition. HA5 applied with stripping and some repairs in 8/2019 for $15,415. According to prior study a slurry seal was applied in 2014 followed by a seal coat in 2015. This budget anticipates some repairs will be needed based on past requirements.

2026 - Approved bid from Holbrook for year 2026 total $29,947.

Balconies - Recoat

		1 LS	@ $25,410.00
Asset ID	1046	Asset Actual Cost	$25,410.00
	Residential Buildings	Percent Replacement	100%
Category	Building Components	Future Cost	$32,188.63
Placed in Service	January 2025		
Useful Life	9		
Replacement Year	2034		
Remaining Life	8		

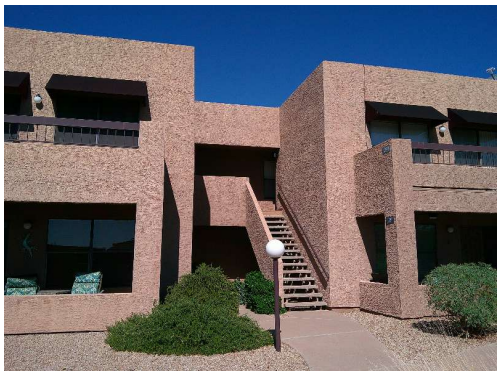
Budget to recoat all balconies.

2025 - Davis Enhancements suggests 8-9 years total $25,410.

Balconies - Repairs/Replacements - Phase1

		40 EA	@ $3,000.00
Asset ID	1046	Asset Actual Cost	$24,000.00
	Residential Buildings	Percent Replacement	20%
Category	Building Components	Future Cost	$24,720.00
Placed in Service	January 2006		
Useful Life	28		
Adjustment	-7		
Replacement Year	2027		
Remaining Life	1		

Balconies - Repairs/Replacements - Phase1 continued...



Budget to repair and/or replace all remaining balconies. Balcony units 172/272, 192/292 and 232 & 295 have been either rebuilt or beams repaired/replaced.

2025 - Davis balcony repairs 232 & 295 total $2,710.

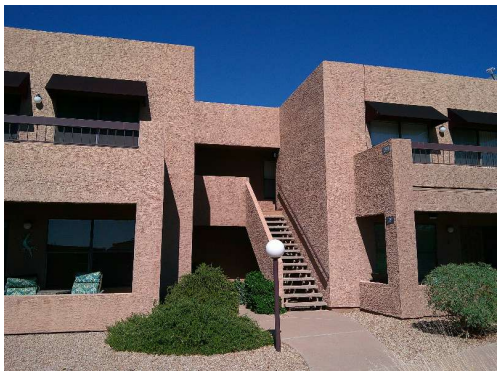
2024 - Water Wind & Fire repaired beams on units 192/292 due to fire total $8,818.

2023 - Water Wind & Fire repaired/replaced balconies on units 172/272 due to fire total $23,194.

Balconies - Repairs/Replacements - Phase2

		40 EA	@ $3,000.00
Asset ID	1046	Asset Actual Cost	$24,000.00
	Residential Buildings	Percent Replacement	20%
Category	Building Components	Future Cost	$25,461.60
Placed in Service	January 2006		
Useful Life	28		
Adjustment	-6		
Replacement Year	2028		
Remaining Life	2		

Balconies - Repairs/Replacements - Phase2 continued...



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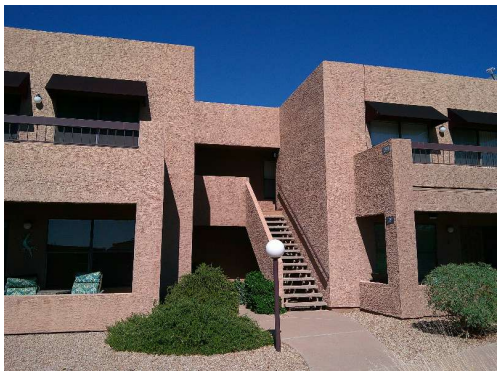
2023 - Water Wind & Fire repaired/replaced balconies on units 172/272 due to fire total $23,194.

Balconies - Repairs/Replacements - Phase3

		40 EA	@ $3,000.00
Asset ID	1046	Asset Actual Cost	$24,000.00
	Residential Buildings	Percent Replacement	20%
Category	Building Components	Future Cost	$26,225.45
Placed in Service	January 2006		
Useful Life	28		
Adjustment	-5		
Replacement Year	2029		
Remaining Life	3		

Balconies - Repairs/Replacements - Phase3 continued...



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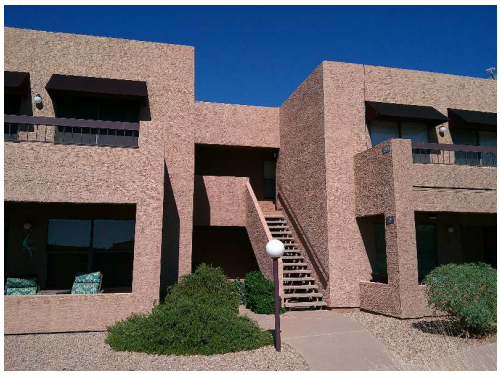
2023 - Water Wind & Fire repaired/replaced balconies on units 172/272 due to fire total $23,194.

Balconies - Repairs/Replacements - Phase4

		40 EA	@ $3,000.00
Asset ID	1046	Asset Actual Cost	$24,000.00
	Residential Buildings	Percent Replacement	20%
Category	Building Components	Future Cost	$27,012.21
Placed in Service	January 2006		
Useful Life	28		
Adjustment	-4		
Replacement Year	2030		
Remaining Life	4		

Balconies - Repairs/Replacements - Phase4 continued...



Budget to repair and/or replace all remaining balconies. Balcony units 172/272, 192/292 and 232 & 295 have been either rebuilt or beams repaired/replaced.

2025 - Davis balcony repairs 232 & 295 total $2,710.

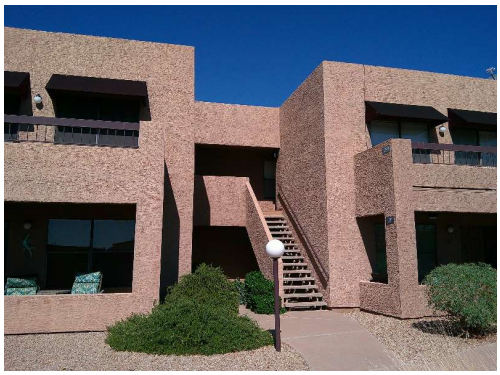
2024 - Water Wind & Fire repaired beams on units 192/292 due to fire total $8,818.

2023 - Water Wind & Fire repaired/replaced balconies on units 172/272 due to fire total $23,194.

Balconies - Repairs/Replacements - Phase5

		40 EA	@ $3,000.00
Asset ID	1046	Asset Actual Cost	$24,000.00
	Residential Buildings	Percent Replacement	20%
Category	Building Components	Future Cost	$27,822.58
Placed in Service	January 2006		
Useful Life	28		
Adjustment	-3		
Replacement Year	2031		
Remaining Life	5		

Balconies - Repairs/Replacements - Phase5 continued...



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2024 - Water Wind & Fire repaired beams on units 192/292 due to fire total $8,818.

2023 - Water Wind & Fire repaired/replaced balconies on units 172/272 due to fire total $23,194.

Community Center - Remodel

Asset ID	1019	Asset Actual Cost	
	Community Center	Percent Replacement	100%
Category	Building Components	Future Cost	
Placed in Service	January 2006		
No Useful Life			

Community Center - Remodel continued...

Unfunded. Association has no plans to remodel the community center.

Irrigation Controller - Replace

		1 EA	@ $750.00
Asset ID	1029	Asset Actual Cost	$750.00
	Grounds	Percent Replacement	100%
Category	Equipment	Future Cost	$895.54
Placed in Service	September 2017		
Useful Life	15		
Replacement Year	2032		
Remaining Life	6		

Working condition. (1) RD-900 Controller located on pool building near mailboxes.

Irrigation System (A,B,C) - Refurbish

		1 LS	@ $29,000.00
Asset ID	1048	Asset Actual Cost	$9,666.67
	Grounds	Percent Replacement	33.33%
Category	Equipment	Future Cost	$22,116.63
Placed in Service	July 2024		
Useful Life	30		
Replacement Year	2054		
Remaining Life	28		

Budget to refurbish irrigation system.

2024 - Bldg A,B, C by Gold Medal total $29,000.

Irrigation System (D,E) - Refurbish

		1 LS	@ $29,000.00
Asset ID	1049	Asset Actual Cost	$9,666.67
	Grounds	Percent Replacement	33.33%
Category	Equipment	Future Cost	$22,780.13
Placed in Service	July 2025		
Useful Life	30		
Replacement Year	2055		
Remaining Life	29		

Budget to refurbish irrigation system.

Irrigation System (D,E) - Refurbish continued...

2025 - Bldg D,E by Gold Medal total $29,000.

Irrigation System (F,G,H) - Refurbish

		1 LS	@ $23,000.00
Asset ID	1030	Asset Actual Cost	$7,666.67
	Grounds	Percent Replacement	33.33%
Category	Equipment	Future Cost	$16,533.86
Placed in Service	July 2022		
Useful Life	30		
Replacement Year	2052		
Remaining Life	26		

Budget to refurbish irrigation system.

2022 - Bldg F,G,H by Gold Medal total $23,000.

Irrigation System (I,J,K) - Refurbish

		1 LS	@ $27,600.00
Asset ID	1047	Asset Actual Cost	$9,200.00
	Grounds	Percent Replacement	33.33%
Category	Equipment	Future Cost	$20,435.86
Placed in Service	July 2023		
Useful Life	30		
Replacement Year	2053		
Remaining Life	27		

Budget to refurbish irrigation system.

2023 - Bldg I,J,K by Gold Medal total $27,6000.

Pool Filter - Replace

		1 EA	@ $3,000.00
Asset ID	1015	Asset Actual Cost	$3,000.00
	Recreation/Pool	Percent Replacement	100%
Category	Equipment	Future Cost	$3,000.00
Placed in Service	January 2005		
Useful Life	18		
Adjustment	3		
Replacement Year	2026		
Remaining Life	0		

Pool Filter - Replace continued...

No access. Working condition. Pentair Triton II TR-140 7.06 sq. ft. sand filter mfg date 1/2005.

Pool Heat Pumps - Replace

		1 LS	@ $15,530.69
Asset ID	1017	Asset Actual Cost	$15,530.69
	Recreation/Pool	Percent Replacement	100%
Category	Equipment	Future Cost	$18,544.46
Placed in Service	January 2024		
Useful Life	8		
Replacement Year	2032		
Remaining Life	6		

No access. (2) single phase heat pumps.

2024 - Pool Warrior installed (2) new heat pumps total $14,359.

Pool Heater - Replace

		1 EA	@ $4,800.00
Asset ID	1025	Asset Actual Cost	$4,800.00
	Recreation/Pool	Percent Replacement	100%
Category	Equipment	Future Cost	$4,944.00
Placed in Service	November 2019		
Useful Life	8		
Replacement Year	2027		
Remaining Life	1		

New condition. Pentair Mastertemp 400, 400,000 BTU.

Pool Pump & Motor - Repair/Replace

		1 EA	@ $1,100.00
Asset ID	1022	Asset Actual Cost	$1,100.00
	Recreation/Pool	Percent Replacement	100%
Category	Equipment	Future Cost	$1,166.99
Placed in Service	January 2016		
Useful Life	12		
Replacement Year	2028		
Remaining Life	2		

Working condition. Budget to repair/replace parts for the pumps & motors. (1) 1 1/2 HP mfg

date 2016.

Spa - Resurface

		1 LS	@ $10,000.00
Asset ID	1026	Asset Actual Cost	$10,000.00
	Recreation/Pool	Percent Replacement	100%
Category	Equipment	Future Cost	$11,255.09
Placed in Service	January 2014		
Useful Life	12		
Adjustment	4		
Replacement Year	2030		
Remaining Life	4		

Good to fair condition. Noted missing tiles on site visit. Approximately 10' x 10' square pebble finish tile.

1 - 10' x 10' square spa	@	$8,005.16	$8,005.16
40 - lin. ft. of trim tile	@	$24.02	$960.62
45 - lin. ft. of bench tile	@	$16.01	$720.46
		Total =	$9,686.24

Spa Filter - Replace

		1 EA	@ $3,302.22
Asset ID	1023	Asset Actual Cost	$3,302.22
	Recreation/Pool	Percent Replacement	100%
Category	Equipment	Future Cost	$4,308.65
Placed in Service	January 2023		
Useful Life	12		
Replacement Year	2035		
Remaining Life	9		

Working condition. Pentair Triton II TR-60, 3.14 sq. ft. sand filter.

2023 - Pool Warrior installed new filter total $3,022.

Spa Heater - Replace

		1 EA	@ $3,820.97
Asset ID	1024	Asset Actual Cost	$3,820.97
	Recreation/Pool	Percent Replacement	100%
Category	Equipment	Future Cost	$4,053.67
Placed in Service	May 2020		
Useful Life	8		
Replacement Year	2028		
Remaining Life	2		

New condition. Pentair Mastertemp 250, 266K BTU.

Spa Pump & Motors - Repair/Replace

		1 LS	@ $2,100.00
Asset ID	1021	Asset Actual Cost	$2,100.00
	Recreation/Pool	Percent Replacement	100%
Category	Equipment	Future Cost	$2,227.89
Placed in Service	January 2016		
Useful Life	12		
Replacement Year	2028		
Remaining Life	2		

Working condition.

1 - 1 1/2 HP (older)	@	$1,100.00	$1,100.00
1 - 1 HP	@	$1,000.00	$1,000.00
		Total =	$2,100.00

Carport Facia - Repairs/Replacements

		1 LS	@ $8,000.00
Asset ID	1006	Asset Actual Cost	$8,000.00
	Grounds	Percent Replacement	100%
Category	Grounds Components	Future Cost	$8,000.00
Placed in Service	January 1986		
Useful Life	35		
Adjustment	5		
Replacement Year	2026		
Remaining Life	0		

The roofs and structure of the carports are in good condition and should last indefinitely. The facia is damaged on several carports. This componet provides a budget for repairing/replacing the facia.

Concrete Components - Repair

		1 LS	@ $3,000.00
Asset ID	1001	Asset Actual Cost	$3,000.00
	Grounds	Percent Replacement	100%
Category	Grounds Components	Future Cost	$3,582.16
Placed in Service	May 2017		
Useful Life	15		
Replacement Year	2032		
Remaining Life	6		

Concrete Components - Repair continued...

Good condition. Includes sidewalks and entryways. This component budgets $3,000 for repairs on a 15 year recurring cycle to address settlement and trip hazards. Repairs were made in 2017 at a cost of $2580.

Granite - Replenish

		350 Ton	@ $75.00
Asset ID	1028	Asset Actual Cost	$26,250.00
	Grounds	Percent Replacement	100%
Category	Grounds Components	Future Cost	$28,684.08
Placed in Service	January 2022		
Useful Life	6		
Adjustment	1		
Replacement Year	2029		
Remaining Life	3		

Fair condition. Budget to replenish granite where needed. Estimate approximately 70,000 sf of granite area.

Trash Enclosure Gates - Replace

		8 EA	@ $1,200.00
Asset ID	1011	Asset Actual Cost	$9,600.00
	Grounds	Percent Replacement	100%
Category	Grounds Components	Future Cost	$11,462.90
Placed in Service	January 2007		
Useful Life	25		
Replacement Year	2032		
Remaining Life	6		

Fair condition. (8) approximately 5'6" x 4'4" corrugated metal gates. Paint with community paint.

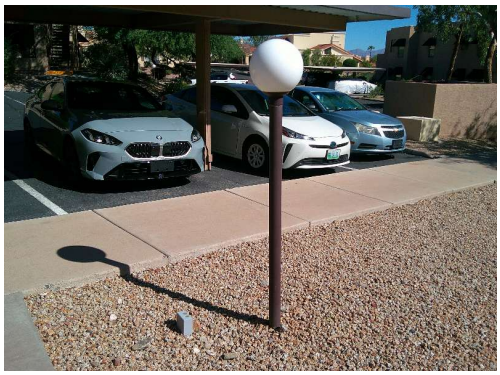
Downspouts & Gutters - Refurbish

Asset ID	1032	Asset Actual Cost	
	Residential Buildings	Percent Replacement	100%
Category	Gutters and Downspouts	Future Cost	
Placed in Service	May 2025		
No Useful Life			

New condition. Anticipate any repairs required will be done in conjunction with roof replacement work.

Pole Lights - Replace

		45 EA	@ $750.00
Asset ID	1012	Asset Actual Cost	$33,750.00
	Grounds	Percent Replacement	100%
Category	Lighting	Future Cost	$39,125.50
Placed in Service	January 1986		
Useful Life	25		
Adjustment	20		
Replacement Year	2031		
Remaining Life	5		



Working condition. (45) 6' pole lights with globe fixtures located throughout community. Low priority.

Porch Lights - Replace

		1 LS	@ $9,043.91
Asset ID	1038	Asset Actual Cost	$9,043.91
	Residential Buildings	Percent Replacement	100%
Category	Lighting	Future Cost	$12,894.45
Placed in Service	January 2023		
Useful Life	15		
Replacement Year	2038		
Remaining Life	12		

Porch Lights - Replace continued...

Budgt to replace porch lights on each building incluiding labor. (88) units.

2023 - Lowes & Dan Davis total $8,040.

Mailboxes - Replace

		1 LS	@ $5,583.65
Asset ID	1031	Asset Actual Cost	$5,583.65
	Grounds	Percent Replacement	100%
Category	Mailboxes	Future Cost	$7,729.08
Placed in Service	January 2017		
Useful Life	20		
Replacement Year	2037		
Remaining Life	11		

Good condition. (3) 5 x 7 cluster box sets covered. Replaced in 2017.

Community - Paint

		1 LS	@ $90,000.00
Asset ID	1008	Asset Actual Cost	$90,000.00
	Residential Buildings	Percent Replacement	100%
Category	Painting	Future Cost	$95,481.00
Placed in Service	January 2017		
Useful Life	10		
Adjustment	1		
Replacement Year	2028		
Remaining Life	2		

Fair to poor condition depending on sun exposure. Some areas appear to be fading. This asset includes residential buildings, walls, shed, community building, metal fencing, carports and light poles. Painted in 2017 at a cost of $60,700.

Metal Fencing/Gates - Repair/Replace Sections

		1 LS	@ $2,846.62
Asset ID	1010	Asset Actual Cost	$2,846.62
	Recreation/Pool	Percent Replacement	100%
Category	Painting	Future Cost	$3,110.58
Placed in Service	January 2017		
Useful Life	8		
Adjustment	4		
Replacement Year	2029		
Remaining Life	3		

Metal Fencing/Gates - Repair/Replace Sections continued...

Good condition. Noted needing minor repairs (paint good) on site visit. Location recreation/pool area. Includes: 233 lin. ft. of 4'8" fenicng, (1) 4'8" x 3'8" gate, (1) 5' x 2'8" gate, (1) 5'4" x 3' gate and (1) 6'8" x 3'8" gate. It is not anticipated that the entire fence will need to be replaced but some repairs will be needed in conjunction with each painting cycle.

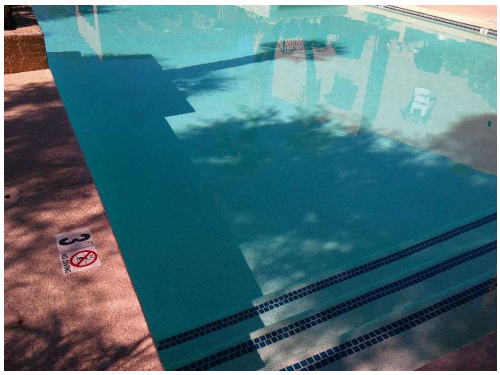
Monuments - Repairs

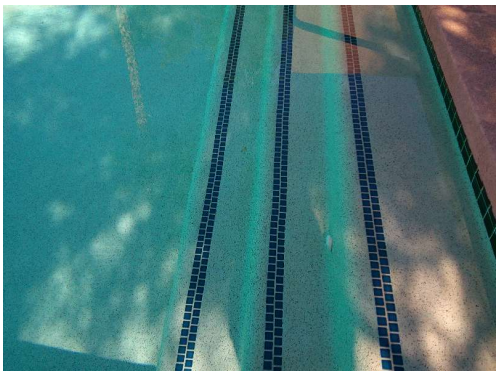
		1 LS	@ $1,992.64
Asset ID	1009	Asset Actual Cost	$1,992.64
	Grounds	Percent Replacement	100%
Category	Painting	Future Cost	$2,242.73
Placed in Service	January 2017		
Useful Life	8		
Adjustment	5		
Replacement Year	2030		
Remaining Life	4		

Fair to good condition. This asset includes stucco repair and block repairs on all four monuments.

Pool - Resurface

		1 LS	@ $26,500.00
Asset ID	1018	Asset Actual Cost	$26,500.00
	Recreation/Pool	Percent Replacement	100%
Category	Recreation/Pool	Future Cost	$38,916.14
Placed in Service	January 2014		
Useful Life	25		
Replacement Year	2039		
Remaining Life	13		





Good condition. Approximately 1,815 sq. ft. of pebble finish pool surface.

1815	- sq. ft. of pebble finish pool surface	@	$11.21	$20,341.07
158	- lin. ft. of trim tile	@	$24.02	$3,794.43
150	- lin. ft. of bench tile	@	$16.01	$2,401.55
			Total =	$26,537.05

Pool Deck - Coat

		2,430 SF	@ $8.00
Asset ID	1013	Asset Actual Cost	$19,440.00
	Recreation/Pool	Percent Replacement	100%
Category	Recreation/Pool	Future Cost	$23,908.75
Placed in Service	January 2015		
Useful Life	7		
Adjustment	4		
Replacement Year	2033		
Remaining Life	7		

Pool Deck - Coat continued...

Poor condition. Budget to recoat the pool deck.

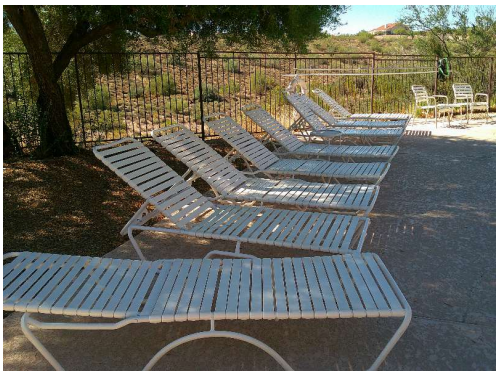
Pool Deck - Resurface

		2,430 SF	@ $14.00
Asset ID	1014	Asset Actual Cost	$34,020.00
	Recreation/Pool	Percent Replacement	100%
Category	Recreation/Pool	Future Cost	$34,020.00
Placed in Service	January 2015		
Useful Life	21		
Adjustment	-10		
Replacement Year	2026		
Remaining Life	0		

Poor condition. Noted lots of cracking minimal chipping and discoloration.

Pool Furnishings - Repair/Replace

		1 LS	@ $3,000.00
Asset ID	1016	Asset Actual Cost	$3,000.00
	Recreation/Pool	Percent Replacement	100%
Category	Recreation/Pool	Future Cost	$3,090.00
Placed in Service	January 2021		
Useful Life	5		
Adjustment	1		
Replacement Year	2027		
Remaining Life	1		



Fair to new condition. This asset is for but not limited to: (10) strapped chaise lounges, (1) melamine top table, (3) tea tables, (2) aluminum club chairs with cushions, (1) aluminum sofa, love seat with cushions, (6) side chairs and (1) strap chair to be used "as needed" for re-strapping and/or replacement.

2021- Added (3) strapped chaise loungers and (4) strap chairs total $2,611.

Roofs (Bldg C) - Replace

		1 Bldgs	@ $35,882.00
Asset ID	1041	Asset Actual Cost	$35,882.00
	Residential Buildings	Percent Replacement	100%
Category	Roofing	Future Cost	$70,816.23
Placed in Service	July 2024		
Useful Life	25		
Replacement Year	2049		
Remaining Life	23		

Budget to replace the roof. Component assumes that the same material will be applied as other roofs with a 20 yr warranty. Material does not require coating during the 20 year warranty.

Roofs (Bldg E) - Replace

		1 LS	@ $35,882.00
Asset ID	1042	Asset Actual Cost	$35,882.00
	Residential Buildings	Percent Replacement	100%
Category	Roofing	Future Cost	$72,940.72
Placed in Service	July 2025		
Useful Life	25		
Replacement Year	2050		
Remaining Life	24		

Budget to replace the roof. Component assumes that the same material will be applied as other roofs with a 20 yr warranty. Material does not require coating during the 20 year warranty.

Roofs (Bldg F) - Replace

		1 Bldgs	@ $35,882.00
Asset ID	1037	Asset Actual Cost	$35,882.00
	Residential Buildings	Percent Replacement	100%
Category	Roofing	Future Cost	$61,086.70
Placed in Service	July 2019		
Useful Life	25		
Replacement Year	2044		
Remaining Life	18		

Association indicates roof on Bldg F were replaced in 2019. Association has a 20 yr warranty. Material does not require coating during the 20 year warranty.

Roofs (Bldgs A, B & H) - Replace

		3 Bldgs	@ $35,882.00
Asset ID	1034	Asset Actual Cost	$107,646.00
	Residential Buildings	Percent Replacement	100%
Category	Roofing	Future Cost	$172,740.23
Placed in Service	July 2017		
Useful Life	25		
Replacement Year	2042		
Remaining Life	16		

Association indicates roofs on Bldgs A, B & H were replaced in 2017. Association has a 20 yr warranty. Material does not require coating during the 20 year warranty.

Roofs (Bldgs D, G & K) - Replace

		3 Bldgs	@ $35,882.00
Asset ID	1039	Asset Actual Cost	$107,646.00
	Residential Buildings	Percent Replacement	100%
Category	Roofing	Future Cost	$183,260.11
Placed in Service	July 2019		
Useful Life	25		
Replacement Year	2044		
Remaining Life	18		

Association indicates roof on Bldgs D, G & K were replaced in 2019. Association has a 20 yr warranty. Material does not require coating during the 20 year warranty.

Roofs (Bldgs I & J) - Replace

		2 Bldgs	@ $35,882.00
Asset ID	1040	Asset Actual Cost	$71,764.00
	Residential Buildings	Percent Replacement	100%
Category	Roofing	Future Cost	$125,838.61
Placed in Service	July 2020		
Useful Life	25		
Replacement Year	2045		
Remaining Life	19		

Association indicates roof on Bldgs I & J were replaced in 2020. Association has a 20 yr warranty. Material does not require coating during the 20 year warranty.

Roofs (Clubhouse) - Replace

		1 LS	@ $25,000.00
Asset ID	1050	Asset Actual Cost	$25,000.00
	Residential Buildings	Percent Replacement	100%
Category	Roofing	Future Cost	$28,981.85
Placed in Service	July 2006		
Useful Life	25		
Replacement Year	2031		
Remaining Life	5		

Budget to replace the roof. Component assumes that the same material will be applied as other roofs with a 20 yr warranty. Material does not require coating during the 20 year warranty.

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
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1046	Balconies - Repairs/Replacements - Phase2	2028	1-11
1046	Balconies - Repairs/Replacements - Phase3	2029	1-12
1046	Balconies - Repairs/Replacements - Phase4	2030	1-13
1046	Balconies - Repairs/Replacements - Phase5	2031	1-14
1019	Community Center - Remodel	2026	1-15
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1048	Irrigation System (A,B,C) - Refurbish	2054	1-17
1049	Irrigation System (D,E) - Refurbish	2055	1-17
1030	Irrigation System (F,G,H) - Refurbish	2052	1-18
1047	Irrigation System (I,J,K) - Refurbish	2053	1-18
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1017	Pool Heat Pumps - Replace	2032	1-19
1025	Pool Heater - Replace	2027	1-20
1022	Pool Pump & Motor - Repair/Replace	2028	1-20
1026	Spa - Resurface	2030	1-21
1023	Spa Filter - Replace	2035	1-22
1024	Spa Heater - Replace	2028	1-22
1021	Spa Pump & Motors - Repair/Replace	2028	1-23
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QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
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1018	Pool - Resurface	2039	1-33
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1041	Roofs (Bldg C) - Replace	2049	1-36
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1037	Roofs (Bldg F) - Replace	2044	1-36
1034	Roofs (Bldgs A, B & H) - Replace	2042	1-37
1039	Roofs (Bldgs D, G & K) - Replace	2044	1-37
1040	Roofs (Bldgs I & J) - Replace	2045	1-37
1050	Roofs (Clubhouse) - Replace	2031	1-38

Total Funded Assets	42
Total Unfunded Assets	3
Total Assets	45

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description		Expenditures
Replacement Year 2026		
Asphalt		
1004	Asphalt - Crack Seal	3,881
1002	Asphalt - Repairs/Surface Treatment	29,947
Equipment		
1015	Pool Filter - Replace	3,000
Grounds Components		
1006	Carport Facia - Repairs/Replacements	8,000
Recreation/Pool		
1014	Pool Deck - Resurface	34,020
Total for 2026		**$78,848**
Replacement Year 2027		
Building Components		
1046	Balconies - Repairs/Replacements - Phase1	24,720
Equipment		
1025	Pool Heater - Replace	4,944
Recreation/Pool		
1016	Pool Furnishings - Repair/Replace	3,090
Total for 2027		**$32,754**
Replacement Year 2028		
Building Components		
1046	Balconies - Repairs/Replacements - Phase2	25,462
Equipment		
1022	Pool Pump & Motor - Repair/Replace	1,167
1024	Spa Heater - Replace	4,054
1021	Spa Pump & Motors - Repair/Replace	2,228
Painting		
1008	Community - Paint	95,481
Total for 2028		**$128,391**
Replacement Year 2029		
Asphalt		
1004	Asphalt - Crack Seal	4,241

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description		Expenditures
Replacement Year 2029 continued...		
Building Components		
1046	Balconies - Repairs/Replacements - Phase3	26,225
Grounds Components		
1028	Granite - Replenish	28,684
Painting		
1010	Metal Fencing/Gates - Repair/Replace Sections	3,111
Total for 2029		**$62,261**
Replacement Year 2030		
Building Components		
1046	Balconies - Repairs/Replacements - Phase4	27,012
Equipment		
1026	Spa - Resurface	11,255
Painting		
1009	Monuments - Repairs	2,243
Total for 2030		**$40,510**
Replacement Year 2031		
Building Components		
1046	Balconies - Repairs/Replacements - Phase5	27,823
Lighting		
1012	Pole Lights - Replace	39,125
Roofing		
1050	Roofs (Clubhouse) - Replace	28,982
Total for 2031		**$95,930**
Replacement Year 2032		
Asphalt		
1004	Asphalt - Crack Seal	4,634
1002	Asphalt - Repairs/Surface Treatment	35,758
Equipment		
1029	Irrigation Controller - Replace	896
1017	Pool Heat Pumps - Replace	18,544

Description		Expenditures
Replacement Year 2032 continued...		
Grounds Components		
1001	Concrete Components - Repair	3,582
1011	Trash Enclosure Gates - Replace	11,463
Recreation/Pool		
1016	Pool Furnishings - Repair/Replace	3,582
Total for 2032		**$78,459**
Replacement Year 2033		
Recreation/Pool		
1013	Pool Deck - Coat	23,909
Total for 2033		**$23,909**
Replacement Year 2034		
Building Components		
1046	Balconies - Recoat	32,189
Total for 2034		**$32,189**
Replacement Year 2035		
Asphalt		
1004	Asphalt - Crack Seal	5,063
Equipment		
1025	Pool Heater - Replace	6,263
1023	Spa Filter - Replace	4,309
Grounds Components		
1028	Granite - Replenish	34,250
Total for 2035		**$49,885**
Replacement Year 2036		
Equipment		
1024	Spa Heater - Replace	5,135
Total for 2036		**$5,135**
Replacement Year 2037		
Mailboxes		
1031	Mailboxes - Replace	7,729

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description		Expenditures
Replacement Year 2037 continued...		
Painting		
1010	Metal Fencing/Gates - Repair/Replace Sections	3,940
Recreation/Pool		
1016	Pool Furnishings - Repair/Replace	4,153
Total for 2037		**$15,822**
Replacement Year 2038		
Asphalt		
1004	Asphalt - Crack Seal	5,533
1002	Asphalt - Repairs/Surface Treatment	42,697
Lighting		
1038	Porch Lights - Replace	12,894
Painting		
1008	Community - Paint	128,318
1009	Monuments - Repairs	2,841
Total for 2038		**$192,284**
Replacement Year 2039		
Recreation/Pool		
1018	Pool - Resurface	38,916
Total for 2039		**$38,916**
Replacement Year 2040		
Equipment		
1017	Pool Heat Pumps - Replace	23,492
1022	Pool Pump & Motor - Repair/Replace	1,664
1021	Spa Pump & Motors - Repair/Replace	3,176
Recreation/Pool		
1013	Pool Deck - Coat	29,405
Total for 2040		**$57,737**
Replacement Year 2041		
Asphalt		
1004	Asphalt - Crack Seal	6,046

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description		Expenditures
Replacement Year 2041 continued...		
Grounds Components		
1028	Granite - Replenish	40,897
Total for 2041		**$46,943**
Replacement Year 2042		
Equipment		
1026	Spa - Resurface	16,047
Recreation/Pool		
1016	Pool Furnishings - Repair/Replace	4,814
Roofing		
1034	Roofs (Bldgs A, B & H) - Replace	172,740
Total for 2042		**$193,601**
Replacement Year 2043		
Building Components		
1046	Balconies - Recoat	41,999
Equipment		
1025	Pool Heater - Replace	7,934
Total for 2043		**$49,933**
Replacement Year 2044		
Asphalt		
1004	Asphalt - Crack Seal	6,607
1002	Asphalt - Repairs/Surface Treatment	50,983
Equipment		
1015	Pool Filter - Replace	5,107
1024	Spa Heater - Replace	6,505
Roofing		
1037	Roofs (Bldg F) - Replace	61,087
1039	Roofs (Bldgs D, G & K) - Replace	183,260
Total for 2044		**$313,549**
Replacement Year 2045		
Painting		
1010	Metal Fencing/Gates - Repair/Replace Sections	4,992

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description		Expenditures
Replacement Year 2045 continued...		
Roofing		
1040	Roofs (Bldgs I & J) - Replace	125,839
Total for 2045		**$130,830**
Replacement Year 2046		
Painting		
1009	Monuments - Repairs	3,599
Total for 2046		**$3,599**
Replacement Year 2047		
Asphalt		
1004	Asphalt - Crack Seal	7,219
Equipment		
1029	Irrigation Controller - Replace	1,395
1023	Spa Filter - Replace	6,143
Grounds Components		
1001	Concrete Components - Repair	5,581
1028	Granite - Replenish	48,833
Recreation/Pool		
1014	Pool Deck - Resurface	63,287
1016	Pool Furnishings - Repair/Replace	5,581
Total for 2047		**$138,039**
Replacement Year 2048		
Equipment		
1017	Pool Heat Pumps - Replace	29,758
Painting		
1008	Community - Paint	172,449
Total for 2048		**$202,208**
Replacement Year 2049		
Roofing		
1041	Roofs (Bldg C) - Replace	70,816
Total for 2049		**$70,816**

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description		Expenditures
Replacement Year 2050		
Asphalt		
1004	Asphalt - Crack Seal	7,889
1002	Asphalt - Repairs/Surface Treatment	60,876
Roofing		
1042	Roofs (Bldg E) - Replace	72,941
Total for 2050		**$141,706**
Replacement Year 2051		
Equipment		
1025	Pool Heater - Replace	10,050
Total for 2051		**$10,050**
Replacement Year 2052		
Building Components		
1046	Balconies - Recoat	54,799
Equipment		
1030	Irrigation System (F,G,H) - Refurbish	16,534
1022	Pool Pump & Motor - Repair/Replace	2,372
1024	Spa Heater - Replace	8,240
1021	Spa Pump & Motors - Repair/Replace	4,529
Recreation/Pool		
1016	Pool Furnishings - Repair/Replace	6,470
Total for 2052		**$92,944**
Replacement Year 2053		
Asphalt		
1004	Asphalt - Crack Seal	8,620
Equipment		
1047	Irrigation System (I,J,K) - Refurbish	20,436
Grounds Components		
1028	Granite - Replenish	58,309
Lighting		
1038	Porch Lights - Replace	20,089
Painting		
1010	Metal Fencing/Gates - Repair/Replace Sections	6,323
Total for 2053		**$113,777**

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Annual Expenditure Detail

Description		Expenditures
Replacement Year 2054		
Equipment		
1048	Irrigation System (A,B,C) - Refurbish	22,117
1026	Spa - Resurface	22,879
Painting		
1009	Monuments - Repairs	4,559
Recreation/Pool		
1013	Pool Deck - Coat	44,477
Total for 2054		**$94,032**
Replacement Year 2055		
Building Components		
1046	Balconies - Repairs/Replacements - Phase1	56,558
Equipment		
1049	Irrigation System (D,E) - Refurbish	22,780
Total for 2055		**$79,338**

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Spread Sheet

ID	Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Asphalt										
1004	Asphalt - Crack Seal	3,881			4,241			4,634			5,063
1003	Asphalt - Overlay	*Unfunded*									
1002	Asphalt - Repairs/Surface Treatment	29,947						35,758			
	Asphalt Total:	**33,828**			**4,241**			**40,392**			**5,063**
	Building Components										
1046	Balconies - Recoat									32,189	
1046	Balconies - Repairs/Replacements - Phase1		24,720								
1046	Balconies - Repairs/Replacements - Phase2			25,462							
1046	Balconies - Repairs/Replacements - Phase3				26,225						
1046	Balconies - Repairs/Replacements - Phase4					27,012					
1046	Balconies - Repairs/Replacements - Phase5						27,823				
1019	Community Center - Remodel	*Unfunded*									
	Building Components Total:		**24,720**	**25,462**	**26,225**	**27,012**	**27,823**			**32,189**	
	Equipment										
1029	Irrigation Controller - Replace							896			
1048	Irrigation System (A,B,C) - Refurbish										
1049	Irrigation System (D,E) - Refurbish										
1030	Irrigation System (F,G,H) - Refurbish										
1047	Irrigation System (I,J,K) - Refurbish										
1015	Pool Filter - Replace	3,000									
1017	Pool Heat Pumps - Replace							18,544			
1025	Pool Heater - Replace		4,944								6,263
1022	Pool Pump & Motor - Repair/Replace			1,167							
1026	Spa - Resurface					11,255					
1023	Spa Filter - Replace										4,309
1024	Spa Heater - Replace			4,054							
1021	Spa Pump & Motors - Repair/Replace			2,228							
	Equipment Total:	**3,000**	**4,944**	**7,449**		**11,255**		**19,440**			**10,572**
	Grounds Components										
1006	Carport Facia - Repairs/Replacements	8,000									
1001	Concrete Components - Repair							3,582			
1028	Granite - Replenish				28,684						34,250

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Spread Sheet

ID	Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Grounds Components continued...											
1011	Trash Enclosure Gates - Replace							11,463			
Grounds Components Total:		**8,000**			**28,684**			**15,045**			**34,250**
Gutters and Downspouts											
1032	Downspouts & Gutters - Refurbish	*Unfunded*									
Lighting											
1012	Pole Lights - Replace						39,125				
1038	Porch Lights - Replace										
Lighting Total:							**39,125**				
Mailboxes											
1031	Mailboxes - Replace										
Mailboxes Total:											
Painting											
1008	Community - Paint			95,481							
1010	Metal Fencing/Gates - Repair/Replace Sections				3,111						
1009	Monuments - Repairs					2,243					
Painting Total:				**95,481**	**3,111**	**2,243**					
Recreation/Pool											
1018	Pool - Resurface										
1013	Pool Deck - Coat								23,909		
1014	Pool Deck - Resurface	34,020									
1016	Pool Furnishings - Repair/Replace		3,090					3,582			
Recreation/Pool Total:		**34,020**	**3,090**					**3,582**	**23,909**		
Roofing											
1041	Roofs (Bldg C) - Replace										
1042	Roofs (Bldg E) - Replace										
1037	Roofs (Bldg F) - Replace										
1034	Roofs (Bldgs A, B & H) - Replace										
1039	Roofs (Bldgs D, G & K) - Replace										
1040	Roofs (Bldgs I & J) - Replace										
1050	Roofs (Clubhouse) - Replace						28,982				
Roofing Total:							**28,982**				

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Spread Sheet

ID	Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Year Total:		**78,848**	**32,754**	**128,391**	**62,261**	**40,510**	**95,930**	**78,459**	**23,909**	**32,189**	**49,885**

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Spread Sheet

ID	Description	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
	Asphalt										
1004	Asphalt - Crack Seal			5,533			6,046			6,607	
1003	Asphalt - Overlay	*Unfunded*									
1002	Asphalt - Repairs/Surface Treatment			42,697						50,983	
	Asphalt Total:			**48,230**			**6,046**			**57,589**	
	Building Components										
1046	Balconies - Recoat								41,999		
1046	Balconies - Repairs/Replacements - Phase1										
1046	Balconies - Repairs/Replacements - Phase2										
1046	Balconies - Repairs/Replacements - Phase3										
1046	Balconies - Repairs/Replacements - Phase4										
1046	Balconies - Repairs/Replacements - Phase5										
1019	Community Center - Remodel	*Unfunded*									
	Building Components Total:								**41,999**		
	Equipment										
1029	Irrigation Controller - Replace										
1048	Irrigation System (A,B,C) - Refurbish										
1049	Irrigation System (D,E) - Refurbish										
1030	Irrigation System (F,G,H) - Refurbish										
1047	Irrigation System (I,J,K) - Refurbish										
1015	Pool Filter - Replace									5,107	
1017	Pool Heat Pumps - Replace					23,492					
1025	Pool Heater - Replace								7,934		
1022	Pool Pump & Motor - Repair/Replace					1,664					
1026	Spa - Resurface							16,047			
1023	Spa Filter - Replace										
1024	Spa Heater - Replace	5,135								6,505	
1021	Spa Pump & Motors - Repair/Replace					3,176					
	Equipment Total:	**5,135**				**28,332**		**16,047**	**7,934**	**11,612**	
	Grounds Components										
1006	Carport Facia - Repairs/Replacements										
1001	Concrete Components - Repair										
1028	Granite - Replenish						40,897				

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Spread Sheet

ID	Description	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
	Grounds Components continued...										
1011	Trash Enclosure Gates - Replace										
	Grounds Components Total:						**40,897**				
	Gutters and Downspouts										
1032	Downspouts & Gutters - Refurbish	*Unfunded*									
	Lighting										
1012	Pole Lights - Replace										
1038	Porch Lights - Replace			12,894							
	Lighting Total:			**12,894**							
	Mailboxes										
1031	Mailboxes - Replace		7,729								
	Mailboxes Total:		**7,729**								
	Painting										
1008	Community - Paint			128,318							
1010	Metal Fencing/Gates - Repair/Replace Sections		3,940								4,992
1009	Monuments - Repairs			2,841							
	Painting Total:		**3,940**	**131,160**							**4,992**
	Recreation/Pool										
1018	Pool - Resurface				38,916						
1013	Pool Deck - Coat					29,405					
1014	Pool Deck - Resurface										
1016	Pool Furnishings - Repair/Replace		4,153					4,814			
	Recreation/Pool Total:		**4,153**		**38,916**	**29,405**		**4,814**			
	Roofing										
1041	Roofs (Bldg C) - Replace										
1042	Roofs (Bldg E) - Replace										
1037	Roofs (Bldg F) - Replace									61,087	
1034	Roofs (Bldgs A, B & H) - Replace							172,740			
1039	Roofs (Bldgs D, G & K) - Replace									183,260	
1040	Roofs (Bldgs I & J) - Replace										125,839
1050	Roofs (Clubhouse) - Replace										
	Roofing Total:							**172,740**		**244,347**	**125,839**

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Spread Sheet

ID	Description	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Year Total:		**5,135**	**15,822**	**192,284**	**38,916**	**57,737**	**46,943**	**193,601**	**49,933**	**313,549**	**130,830**

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Spread Sheet

ID	Description	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
	Asphalt										
1004	Asphalt - Crack Seal		7,219			7,889			8,620		
1003	Asphalt - Overlay	*Unfunded*									
1002	Asphalt - Repairs/Surface Treatment					60,876					
	Asphalt Total:		**7,219**			**68,765**			**8,620**		
	Building Components										
1046	Balconies - Recoat							54,799			
1046	Balconies - Repairs/Replacements - Phase1										56,558
1046	Balconies - Repairs/Replacements - Phase2										
1046	Balconies - Repairs/Replacements - Phase3										
1046	Balconies - Repairs/Replacements - Phase4										
1046	Balconies - Repairs/Replacements - Phase5										
1019	Community Center - Remodel	*Unfunded*									
	Building Components Total:							**54,799**			**56,558**
	Equipment										
1029	Irrigation Controller - Replace		1,395								
1048	Irrigation System (A,B,C) - Refurbish									22,117	
1049	Irrigation System (D,E) - Refurbish										22,780
1030	Irrigation System (F,G,H) - Refurbish							16,534			
1047	Irrigation System (I,J,K) - Refurbish								20,436		
1015	Pool Filter - Replace										
1017	Pool Heat Pumps - Replace			29,758							
1025	Pool Heater - Replace						10,050				
1022	Pool Pump & Motor - Repair/Replace							2,372			
1026	Spa - Resurface									22,879	
1023	Spa Filter - Replace		6,143								
1024	Spa Heater - Replace							8,240			
1021	Spa Pump & Motors - Repair/Replace							4,529			
	Equipment Total:		**7,538**	**29,758**			**10,050**	**31,675**	**20,436**	**44,996**	**22,780**
	Grounds Components										
1006	Carport Facia - Repairs/Replacements										
1001	Concrete Components - Repair		5,581								
1028	Granite - Replenish		48,833						58,309		

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Spread Sheet

ID	Description	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
	Grounds Components continued...										
1011	Trash Enclosure Gates - Replace										
	Grounds Components Total:		**54,414**						**58,309**		
	Gutters and Downspouts										
1032	Downspouts & Gutters - Refurbish	*Unfunded*									
	Lighting										
1012	Pole Lights - Replace										
1038	Porch Lights - Replace								20,089		
	Lighting Total:								**20,089**		
	Mailboxes										
1031	Mailboxes - Replace										
	Mailboxes Total:										
	Painting										
1008	Community - Paint			172,449							
1010	Metal Fencing/Gates - Repair/Replace Sections								6,323		
1009	Monuments - Repairs	3,599								4,559	
	Painting Total:	**3,599**		**172,449**					**6,323**	**4,559**	
	Recreation/Pool										
1018	Pool - Resurface										
1013	Pool Deck - Coat									44,477	
1014	Pool Deck - Resurface		63,287								
1016	Pool Furnishings - Repair/Replace		5,581					6,470			
	Recreation/Pool Total:		**68,868**					**6,470**		**44,477**	
	Roofing										
1041	Roofs (Bldg C) - Replace				70,816						
1042	Roofs (Bldg E) - Replace					72,941					
1037	Roofs (Bldg F) - Replace										
1034	Roofs (Bldgs A, B & H) - Replace										
1039	Roofs (Bldgs D, G & K) - Replace										
1040	Roofs (Bldgs I & J) - Replace										
1050	Roofs (Clubhouse) - Replace										
	Roofing Total:				**70,816**	**72,941**					

QUAIL RUN CONDOMINIUMS HOMEOWNERS ASSOCIATION
Spread Sheet

ID	Description	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
	Year Total:	**3,599**	**138,039**	**202,208**	**70,816**	**141,706**	**10,050**	**92,944**	**113,777**	**94,032**	**79,338**

Important Information

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 reserve analysis study and the parameters under which it has been completed are based primarily upon information provided to us in part by representatives of the association, its contractors and vendors and our own experience with local costs and useful lives of assets in the local environment. We also may rely on 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, if needed.

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 and the local environment in which the asset is placed and performs. 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.

This reserve analysis study reflects information provided to or assembled by the consultant for the association's use, not for the purpose of performing an audit, quality/forensic analyses or background checks of historical records. Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues is deemed reliable by the consultant.

We recommend that your reserve analysis 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 the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

The 2023 Community Association Institute Reserve Study Standards recommends that associations prepare and use preventive maintenance plans to define, schedule and track preventive maintenance. The maintenance plan can be a resource when developing asset information for the reserve study.

FDReserve Studies 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 reserve analysis is prepared under the supervision of William A. Schlimgen PE, a registered professional engineer in Arizona with more than 10 years of experience in preparation of reserve studies and more than 40 years of engineering management, design, inspection and construction management experience.

Part I

Document

This reserve analysis 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.

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.

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.

Budgeting is Normally Excluded

For expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for.

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 reserve analysis update process by keeping accurate records of these changes throughout the year.

Funding Methods

From the simplest to the most complex, reserve analysis 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 **Threshold Funding Model (Minimum Funding)**. The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance.

The **Threshold 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 Assessment 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.

The **Component Funding Model**. This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments, hence the name "Component Funding Model". This is the most conservative funding model. It leads to or maintains the fully funded reserve position. The following details this calculation process.

Component Funding Model Distribution of Accumulated Reserves

The "Distribution of Accumulated Reserves Report" is a "Component Funding Model" calculation. This distribution **does not** apply to the cash flow funding models.

When calculating reserves based upon the component methodology, a beginning reserve balance must be allocated for each of the individual components considered in the analysis, before the individual calculations can be completed. When this distribution is not available, or of sufficient detail, the following method is suggested for allocating reserves:

The first step the program performs in this process is subtracting, from the total accumulated reserves, any amounts for assets that have predetermined (fixed) reserve balances. The user can "fix" the accumulated reserve balance within the program on the individual asset's detail page. If, by error, these amounts total more than the amount of funds available, then the remaining assets are adjusted accordingly. A provision for a contingency reserve is then deducted by the determined percentage used, and if there are sufficient remaining funds available.

The second step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component's age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

Fully Funded Reserves = (Age/Useful Life) x Current Replacement Cost

The software program performs the above calculations to the actual month the component was placed-in-service. The program projects that the accumulation of necessary reserves for repairs or replacements will be available on the first day of the fiscal year in which they are scheduled to occur.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available is depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (scheduled for replacement in the current fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjusts the zero remaining life items to one year, and that asset assumes its new grouping position alphabetically in the final printed report.

If, at the completion of this task, there are additional moneys that have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such and are not factored into any of the report computations. If, at the end of this assignment process there are designated excess funds, they can be used to offset the monthly contribution requirements recommended, or used in any other manner the client may desire.

Assigning the reserves in this manner defers the make-up period for any under-funding over the longest remaining life of all assets under consideration, thereby minimizing the impact of any deficiency. For example, if the report indicates an under funding of $50,000, this under-funding will be assigned to components with the longest remaining lives in order to give more time to "replenish" the account. If the $50,000 under-funding were to be assigned to short remaining life items, the impact would be felt

immediately.

If the reserves are under-funded, the monthly contribution requirements, as outlined in this report, can be expected to be higher than normal. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes that may be under consideration.

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 Reserve Analysis Study

Part II of your report contains the reserve analysis 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

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 reserve analysis 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).

A Multi-Purpose Tool

Your Report 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 analysis 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 analysis 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.