

Wasatch Reserve Study Analyst Report

Cottages at Sycamores Homeowner's Association
West Jordan, Utah
January 1, 2018



Wasatch Reserve Studies

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Cottages at Sycamores

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Important Information

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

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

We recommend that your reserve analysis study be updated every 3 years due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

Wasatch Reserve 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 Wasatch Reserve 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.

Introduction

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

Funding Options

When a major repair or replacement is required in a community, an association has essentially four

options available to address the expenditure:

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

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

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

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

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

Types of Reserve Studies

Most reserve studies fit into one of three categories:

Full Reserve Study;

Update with site inspection; and

Update without site inspection.

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

status” and “funding plan”.

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

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

The Reserve Study: A Physical and a Financial Analysis

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

Physical Analysis

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

Developing a Component List

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

Operational Expenses

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

Utilities:	Bank Service Charges	Accounting
Electricity	Dues & Publications	Reserve Study
Gas	Licenses, Permits & Fees	Repair Expenses:
Water	Insurance(s)	Tile Roof Repairs
Telephone	Services:	Equipment Repairs
Cable TV	Landscaping	Minor Concrete Repairs
Administrative:	Pool Maintenance	Operating Contingency
Supplies	Street Sweeping	

Reserve Expenses

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

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

Budgeting is Normally Excluded for:

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

Financial Analysis

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

Preparing the Reserve Study

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

By following the recommendations of an effective reserve study, the association should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the 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 **Wasatch Reserve Studies** Threshold and the **Wasatch Reserve Studies** 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 **Wasatch Reserve Studies** 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 Wasatch Reserve Studies 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 Wasatch Reserve Studies 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 Wasatch Reserve Studies 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 Wasatch Reserve Studies 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 **Wasatch Reserve Studies** 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 **Wasatch Reserve Studies** 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 as well as the summary of your reserve analysis study.

Index Reports

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

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

Detail Reports

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

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

The **Wasatch Reserve Studies** 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 **Wasatch Reserve Studies** 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 **Wasatch Reserve Studies** 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 **Wasatch Reserve Studies** 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 **Wasatch Reserve Studies** 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 **Wasatch Reserve Studies** 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 **Wasatch Reserve Studies** 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 **Wasatch Reserve Studies** 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.
- The **Wasatch Reserve Studies** Owners' Summary meets the disclosure requirements of the California Civil Code and also the recently adopted ECHO standards.
- Your **Wasatch Reserve Studies** Report provides a record of the time, cost, and quantities of past reserve replacements. At times the association's management company and board of directors are transitory which may result in the loss of these important records.

Cottages at Sycamores
 West Jordan, Utah
Component Funding Model Summary

Report Date	January 01, 2018
Budget Year Beginning	January 01, 2018
Budget Year Ending	December 31, 2018
Total Units	39
Phase Development	1 of 1

<i>Report Parameters</i>	
Inflation	3.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate on Interest	30.00%
Contingency	3.00%
2018 Beginning Balance	\$124,400

Component Funding Model Summary of Calculations

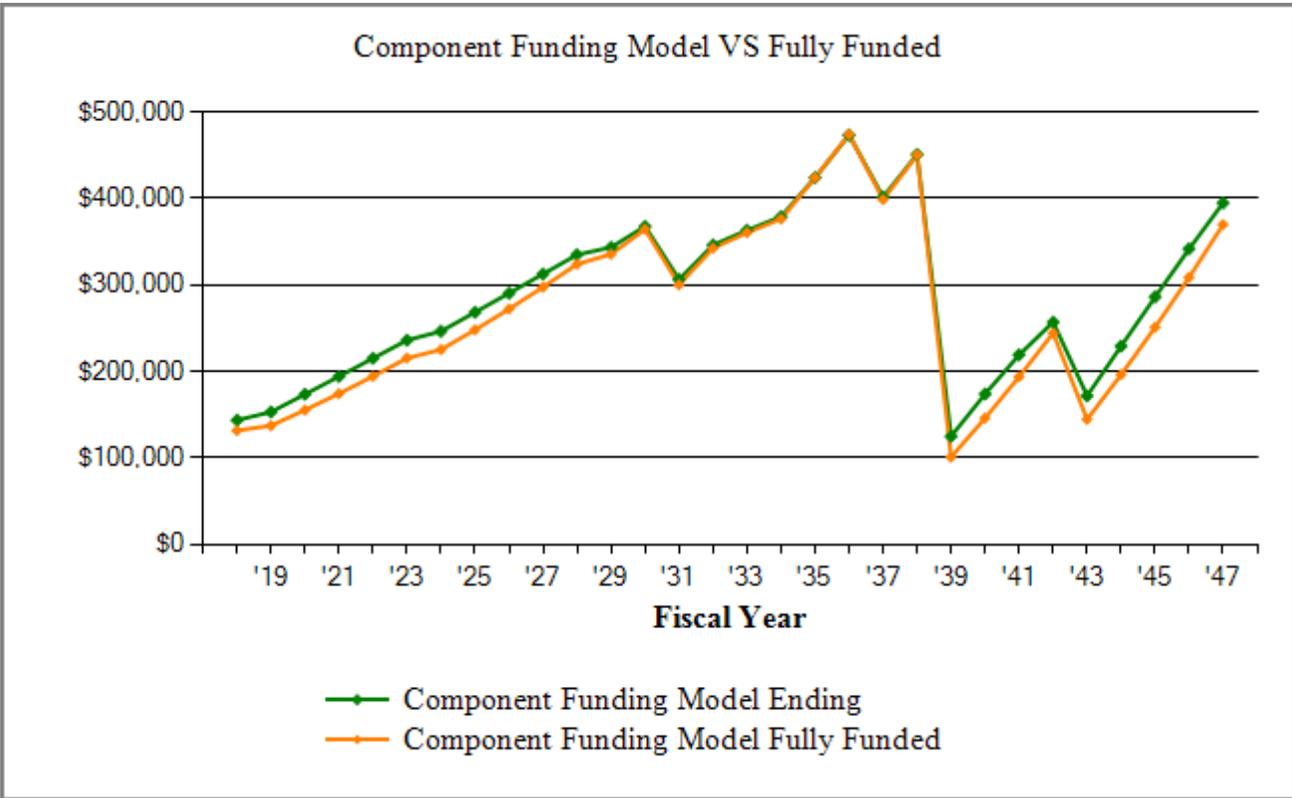
Required Annual Contribution	\$18,397.52
<i>\$471.73 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$999.58</u>
Total Annual Allocation to Reserves	\$19,397.11
<i>\$497.36 per unit annually</i>	

**Cottages at Sycamores
Component Funding Model Projection**

Beginning Balance: \$124,400

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2018	307,284	18,398	1,000		143,797	131,818	109%
2019	316,502	19,492	1,065	11,124	153,230	137,468	111%
2020	325,997	19,305	1,208		173,743	155,505	112%
2021	335,777	19,328	1,351		194,422	174,500	111%
2022	345,851	19,347	1,496		215,265	194,494	111%
2023	356,226	19,381	1,643		236,289	215,532	110%
2024	366,913	20,172	1,714	11,582	246,593	225,358	109%
2025	377,920	20,095	1,867		268,555	248,247	108%
2026	389,258	20,053	2,020		290,628	272,306	107%
2027	400,936	19,980	2,174		312,782	297,586	105%
2028	412,964	19,963	2,329		335,075	324,138	103%
2029	425,353	21,514	2,389	15,365	343,612	335,699	102%
2030	438,113	21,654	2,557		367,823	364,467	101%
2031	451,257	37,573	2,131	101,035	306,491	300,379	102%
2032	464,794	37,408	2,407		346,306	342,621	101%
2033	478,738	39,479	2,526	24,927	363,384	360,657	101%
2034	493,100	41,526	2,635	28,457	379,087	376,513	101%
2035	507,893	42,175	2,949		424,211	424,120	100%
2036	523,130	46,025	3,292		473,527	474,245	100%
2037	538,824	46,025	2,792	120,641	401,704	398,891	101%
2038	554,989	46,150	3,135		450,988	450,537	100%
2039	571,638	53,629	870	380,337	125,151	101,059	124%
2040	588,787	47,728	1,210		174,089	146,185	119%
2041	606,451	43,694	1,524		219,307	193,929	113%
2042	624,645	36,096	1,788		257,191	244,405	105%
2043	643,384	57,573	1,195	144,052	171,907	144,774	119%
2044	662,685	55,950	1,595		229,452	196,495	117%
2045	682,566	54,817	1,990		286,259	251,190	114%
2046	703,043	53,162	2,376		341,797	308,989	111%
2047	724,134	50,432	2,746		394,975	370,030	107%

**Cottages at Sycamores
Component Funding Model VS Fully Funded Chart**



The **Component Funding Model's** long-term objective is to provide a plan to a fully funded reserve position over the longest period of time practical. This is the most conservative funding model.

Cottages at Sycamores
Component Funding Model Assessment & Category Summary

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Streets/Asphalt							
Asphalt - Overlay with 2" Mill Edge							<i>Unfunded</i>
Asphalt - Seal Coat							<i>Unfunded</i>
Roofing							
Asphalt Shingles - Replace	2039	30	0	21	<u>173,550</u>	<u>52,065</u>	<u>52,065</u>
Roofing - Total					<u>\$173,550</u>	<u>\$52,065</u>	<u>\$52,065</u>
Painting							
Entry Doors - Repaint							<i>Unfunded</i>
Garage Doors - Repaint							<i>Unfunded</i>
Stucco - Repair/Repaint	2031	6	16	13	<u>68,800</u>	<u>31,899</u>	<u>28,145</u>
Painting - Total					<u>\$68,800</u>	<u>\$31,899</u>	<u>\$28,145</u>
Fencing/Security							
3-Rail Vinyl Fence - Replace							<i>Unfunded</i>
Vinyl Fence Dividers - Replace	2034	25	0	16	<u>8,374</u>	<u>3,015</u>	<u>3,015</u>
Fencing/Security - Total					<u>\$8,374</u>	<u>\$3,015</u>	<u>\$3,015</u>
Lighting							
Street Light Poles - Replace							<i>Unfunded</i>
Wall Lights - Replace	2034	25	0	16	<u>9,360</u>	<u>3,370</u>	<u>3,370</u>
Lighting - Total					<u>\$9,360</u>	<u>\$3,370</u>	<u>\$3,370</u>
Building Components							
Gutters/Downspouts - Replace	2039	30	0	21	10,400	3,120	3,120
Stone/Brick - Replace	2019	10	0	1	10,800	10,800	9,720
Wood Decks - Repair/Seal							<i>Unfunded</i>
Building Components - Total					<u>\$21,200</u>	<u>\$13,920</u>	<u>\$12,840</u>
Grounds Components							
B-Ball Court Concrete - Replace	2024	15	0	6	5,000	5,000	3,000
B-Ball Hoop - Replace	2024	15	0	6	3,200	3,200	1,920
Charcoal BBQ Grill - Replace	2029	20	0	11	300	300	135
Picnic Table - Replace	2024	15	0	6	<u>1,500</u>	<u>1,500</u>	<u>900</u>
Grounds Components - Total					<u>\$10,000</u>	<u>\$10,000</u>	<u>\$5,955</u>
Mailboxes							
Mailboxes - Replace							<i>Unfunded</i>
Signs							
Monuments - Replace	2033	25	0	15	<u>16,000</u>	<u>6,400</u>	<u>6,400</u>
Signs - Total					<u>\$16,000</u>	<u>\$6,400</u>	<u>\$6,400</u>

Cottages at Sycamores
Component Funding Model Assessment & Category Summary

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Total Asset Summary					<u>\$307,284</u>	<u>\$120,668</u>	<u>\$111,790</u>
Contingency at 3.00%						<u>\$3,732</u>	<u>\$3,457</u>
Summary Total						\$124,400	\$115,247

Excess Funds:

Percent Fully Funded	108%
Current Average Equity per Unit (Total Units: 39)	\$235

Cottages at Sycamores
Distribution of Accumulated Reserves

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Stone/Brick - Replace	1	2019	10,800	9,720
B-Ball Court Concrete - Replace	6	2024	5,000	3,000
B-Ball Hoop - Replace	6	2024	3,200	1,920
Picnic Table - Replace	6	2024	1,500	900
Charcoal BBQ Grill - Replace	11	2029	300	135
Stucco - Repair/Repaint	13	2031	31,899	28,145
Monuments - Replace	15	2033	6,400	6,400
Vinyl Fence Dividers - Replace	16	2034	3,015	3,015
Wall Lights - Replace	16	2034	3,370	3,370
Asphalt Shingles - Replace	21	2039	52,065	52,065
Gutters/Downspouts - Replace	21	2039	3,120	3,120
3-Rail Vinyl Fence - Replace		Unfunded		
Asphalt - Overlay with 2" Mill Edge		Unfunded		
Asphalt - Seal Coat		Unfunded		
Entry Doors - Repaint		Unfunded		
Garage Doors - Repaint		Unfunded		
Mailboxes - Replace		Unfunded		
Street Light Poles - Replace		Unfunded		
Wood Decks - Repair/Seal		Unfunded		
Total Asset Summary			<u>\$120,668</u>	<u>\$111,790</u>
Contingency at 3.00%			<u>\$3,732</u>	<u>\$3,457</u>
Summary Total			\$124,400	\$115,247

Excess Funds:

Percent Fully Funded	108%
Current Average Equity per Unit (Total Units: 39)	\$235

**Cottages at Sycamores
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2018</i>	
Replacement Year 2019	
Stone/Brick - Replace	11,124
Total for 2019	\$11,124
<i>No Replacement in 2020</i>	
<i>No Replacement in 2021</i>	
<i>No Replacement in 2022</i>	
<i>No Replacement in 2023</i>	
Replacement Year 2024	
B-Ball Court Concrete - Replace	5,970
B-Ball Hoop - Replace	3,821
Picnic Table - Replace	1,791
Total for 2024	\$11,582
<i>No Replacement in 2025</i>	
<i>No Replacement in 2026</i>	
<i>No Replacement in 2027</i>	
<i>No Replacement in 2028</i>	
Replacement Year 2029	
Charcoal BBQ Grill - Replace	415
Stone/Brick - Replace	14,950
Total for 2029	\$15,365
<i>No Replacement in 2030</i>	
Replacement Year 2031	
Stucco - Repair/Repaint	101,035
Total for 2031	\$101,035
<i>No Replacement in 2032</i>	
Replacement Year 2033	
Monuments - Replace	24,927
Total for 2033	\$24,927

**Cottages at Sycamores
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2034	
Vinyl Fence Dividers - Replace	13,437
Wall Lights - Replace	15,020
Total for 2034	\$28,457
 <i>No Replacement in 2035</i>	
<i>No Replacement in 2036</i>	
 Replacement Year 2037	
Stucco - Repair/Repaint	120,641
Total for 2037	\$120,641
 <i>No Replacement in 2038</i>	
 Replacement Year 2039	
Asphalt Shingles - Replace	322,854
B-Ball Court Concrete - Replace	9,301
B-Ball Hoop - Replace	5,953
Gutters/Downspouts - Replace	19,347
Picnic Table - Replace	2,790
Stone/Brick - Replace	20,091
Total for 2039	\$380,337
 <i>No Replacement in 2040</i>	
<i>No Replacement in 2041</i>	
<i>No Replacement in 2042</i>	
 Replacement Year 2043	
Stucco - Repair/Repaint	144,052
Total for 2043	\$144,052

**Cottages at Sycamores
Detail Report by Category**

Asphalt - Overlay with 2" Mill Edge

	Asset ID	1016	26,110 Sq Ft	
			Asset Cost	
			Percent Replacement	100%
	Streets/Asphalt		Future Cost	
Placed in Service	January 2009		Assigned Reserves	<i>none</i>
No Useful Life			Annual Assessment	No Assessment
			Interest Contribution	
			Allocation	



There is minimal cracking but the asphalt appears to have never been sealed. The streets are reportedly owned and maintained by the city.

Asphalt - Seal Coat

	Asset ID	1015	26,110 Sq Ft	
			Asset Cost	
			Percent Replacement	100%
	Streets/Asphalt		Future Cost	
Placed in Service	January 2009		Assigned Reserves	<i>none</i>
No Useful Life			Annual Assessment	No Assessment
			Interest Contribution	
			Allocation	



There is minimal cracking but the asphalt appears to have never been sealed. The streets are

**Cottages at Sycamores
Detail Report by Category**

Asphalt - Seal Coat continued...

reportedly owned and maintained by the city.

Streets/Asphalt - Total Current Cost	\$0
Assigned Reserves	\$0
Fully Funded Reserves	\$0

**Cottages at Sycamores
Detail Report by Category**

Asphalt Shingles - Replace - 2039

		57,850 Sq Ft	@ \$3.00
Asset ID	1009	Asset Cost	\$173,550.00
		Percent Replacement	100%
	Roofing	Future Cost	\$322,854.12
Placed in Service	January 2009	Assigned Reserves	\$52,065.00
Useful Life	30		
Replacement Year	2039	Annual Assessment	\$10,644.15
Remaining Life	21	Interest Contribution	<u>\$438.96</u>
		Reserve Allocation	\$11,083.11



Roofs are in good condition.

Roofing - Total Current Cost	\$173,550
Assigned Reserves	\$52,065
Fully Funded Reserves	\$52,065

**Cottages at Sycamores
Detail Report by Category**

Entry Doors - Repaint

Asset ID	1006	78 QTY	
		Asset Cost	
		Percent Replacement	100%
	Painting	Future Cost	
Placed in Service	January 2009	Assigned Reserves	<i>none</i>
No Useful Life		Annual Assessment	No Assessment
		Interest Contribution	
		Allocation	



These doors are the responsibility of each homeowner.

Garage Doors - Repaint

Asset ID	1007	39 QTY	
		Asset Cost	
		Percent Replacement	100%
	Painting	Future Cost	
Placed in Service	January 2009	Assigned Reserves	<i>none</i>
No Useful Life		Annual Assessment	No Assessment
		Interest Contribution	
		Allocation	



These doors are the responsibility of each homeowner.

**Cottages at Sycamores
Detail Report by Category**

Stucco - Repair/Repaint - 2031

Asset ID	1003	68,800 QTY	@ \$1.00
		Asset Cost	\$68,800.00
		Percent Replacement	100%
	Painting	Future Cost	\$101,035.12
Placed in Service	January 2009	Assigned Reserves	\$31,898.85
Useful Life	6		
Adjustment	16	Annual Assessment	\$4,453.96
Replacement Year	2031	Interest Contribution	<u>\$254.47</u>
Remaining Life	13	Reserve Allocation	\$4,708.43



The stucco has the color embedded in the stucco, however once it is painted in will need repainting ever 6 years thereafter.

Painting - Total Current Cost	\$68,800
Assigned Reserves	\$31,899
Fully Funded Reserves	\$28,145

**Cottages at Sycamores
Detail Report by Category**

3-Rail Vinyl Fence - Replace

Asset ID	1002	1,100 LF	
		Asset Cost	
		Percent Replacement	100%
	Fencing/Security	Future Cost	
Placed in Service	January 2009	Assigned Reserves	<i>none</i>
No Useful Life		Annual Assessment	No Assessment
		Interest Contribution	
		Allocation	



No problems observed or reported. Still in good condition. This fence is reportedly the responsibility of the city.

Vinyl Fence Dividers - Replace - 2034

Asset ID	1010	435 LF	@ \$19.25
		Asset Cost	\$8,373.75
		Percent Replacement	100%
	Fencing/Security	Future Cost	\$13,437.41
Placed in Service	January 2009	Assigned Reserves	\$3,014.55
Useful Life	25	Annual Assessment	\$545.24
Replacement Year	2034	Interest Contribution	\$24.92
Remaining Life	16	Reserve Allocation	\$570.16



These fences divide the yards from each other. Some panels need replacing but still in overall

**Cottages at Sycamores
Detail Report by Category**

Vinyl Fence Dividers - Replace continued...

fair condition.

Fencing/Security - Total Current Cost	\$8,374
Assigned Reserves	\$3,015
Fully Funded Reserves	\$3,015

**Cottages at Sycamores
Detail Report by Category**

Street Light Poles - Replace

Asset ID	1017	3 QTY	
		Asset Cost	
		Percent Replacement	100%
	Lighting	Future Cost	
Placed in Service	January 2009	Assigned Reserves	<i>none</i>
No Useful Life		Annual Assessment	No Assessment
		Interest Contribution	
		Allocation	



These are high end expensive lights and are reportedly owned and maintained by the city.

Wall Lights - Replace - 2034

Asset ID	1005	117 QTY	@ \$80.00
		Asset Cost	\$9,360.00
		Percent Replacement	100%
	Lighting	Future Cost	\$15,020.05
Placed in Service	January 2009	Assigned Reserves	\$3,369.60
Useful Life	25	Annual Assessment	\$609.46
Replacement Year	2034	Interest Contribution	<u>\$27.85</u>
Remaining Life	16	Reserve Allocation	<u>\$637.31</u>



The lights are in good to fair condition overall.

**Cottages at Sycamores
Detail Report by Category**

Lighting - Total Current Cost	\$9,360
Assigned Reserves	\$3,370
Fully Funded Reserves	\$3,370

**Cottages at Sycamores
Detail Report by Category**

Gutters/Downspouts - Replace - 2039

		1,300 LF	@ \$8.00
Asset ID	1008	Asset Cost	\$10,400.00
		Percent Replacement	100%
	Building Components	Future Cost	\$19,347.06
Placed in Service	January 2009	Assigned Reserves	\$3,120.00
Useful Life	30		
Replacement Year	2039	Annual Assessment	\$637.85
Remaining Life	21	Interest Contribution	<u>\$26.30</u>
		Reserve Allocation	\$664.16



Recommend replacing these at the same time as the roofs.

Stone/Brick - Replace - 2019

		7,200 Sq Ft	@ \$1.50
Asset ID	1004	Asset Cost	\$10,800.00
		Percent Replacement	100%
	Building Components	Future Cost	\$11,124.00
Placed in Service	January 2009	Assigned Reserves	\$10,800.00
Useful Life	10		
Replacement Year	2019	Annual Assessment	\$246.67
Remaining Life	1	Interest Contribution	<u>\$77.33</u>
		Reserve Allocation	\$324.00

**Cottages at Sycamores
Detail Report by Category**

Stone/Brick - Replace continued...



There is no need to replace all of the brick/stone at the same time. This component provides funding to repair periodically as needed.

Wood Decks - Repair/Seal

Asset ID	1019	39 QTY	
Building Components		Asset Cost	
Placed in Service	January 2009	Percent Replacement	100%
No Useful Life		Future Cost	
		Assigned Reserves	<i>none</i>
		Annual Assessment	No Assessment
		Interest Contribution	
		Allocation	



These decks are reportedly owned and maintained by the homeowner.

Building Components - Total Current Cost	\$21,200
Assigned Reserves	\$13,920
Fully Funded Reserves	\$12,840

**Cottages at Sycamores
Detail Report by Category**

B-Ball Court Concrete - Replace - 2024

		1 QTY	@ \$5,000.00
Asset ID	1014	Asset Cost	\$5,000.00
		Percent Replacement	100%
	Grounds Components	Future Cost	\$5,970.26
Placed in Service	January 2009	Assigned Reserves	\$5,000.00
Useful Life	15		
Replacement Year	2024	Annual Assessment	\$113.20
Remaining Life	6	Interest Contribution	<u>\$35.79</u>
		Reserve Allocation	\$148.99



There is no need to replace all of the concrete at the same time. Recommend replacing sections as needed.

B-Ball Hoop - Replace - 2024

		1 QTY	@ \$3,200.00
Asset ID	1013	Asset Cost	\$3,200.00
		Percent Replacement	100%
	Grounds Components	Future Cost	\$3,820.97
Placed in Service	January 2009	Assigned Reserves	\$3,200.00
Useful Life	15		
Replacement Year	2024	Annual Assessment	\$72.45
Remaining Life	6	Interest Contribution	<u>\$22.91</u>
		Reserve Allocation	\$95.35

**Cottages at Sycamores
Detail Report by Category**

B-Ball Hoop - Replace continued...



First Team. Hoop is in fair condition overall.

Charcoal BBQ Grill - Replace - 2029		1 QTY	@ \$300.00
Asset ID	1012	Asset Cost	\$300.00
		Percent Replacement	100%
Grounds Components		Future Cost	\$415.27
Placed in Service	January 2009	Assigned Reserves	\$300.00
Useful Life	20		
Replacement Year	2029	Annual Assessment	\$7.32
Remaining Life	11	Interest Contribution	<u>\$2.15</u>
		Reserve Allocation	\$9.48



There is some rust but still in good to fair condition.

**Cottages at Sycamores
Detail Report by Category**

Picnic Table - Replace - 2024

Asset ID	1011	1 QTY	@ \$1,500.00
		Asset Cost	\$1,500.00
		Percent Replacement	100%
Grounds Components		Future Cost	\$1,791.08
Placed in Service	January 2009	Assigned Reserves	\$1,500.00
Useful Life	15		
Replacement Year	2024	Annual Assessment	\$33.96
Remaining Life	6	Interest Contribution	<u>\$10.74</u>
		Reserve Allocation	\$44.70



Some fading but still in fair condition overall.

Grounds Components - Total Current Cost	\$10,000
Assigned Reserves	\$10,000
Fully Funded Reserves	\$5,955

**Cottages at Sycamores
Detail Report by Category**

Mailboxes - Replace

Asset ID	1018	1 QTY	
		Asset Cost	
		Percent Replacement	100%
	Mailboxes	Future Cost	
Placed in Service	January 2009	Assigned Reserves	<i>none</i>
No Useful Life		Annual Assessment	No Assessment
		Interest Contribution	
		Allocation	



These are owned and maintained by the Post Office.

Mailboxes - Total Current Cost	\$0
Assigned Reserves	\$0
Fully Funded Reserves	\$0

**Cottages at Sycamores
Detail Report by Category**

Monuments - Replace - 2033

Asset ID	1001	2 QTY	@ \$8,000.00
		Asset Cost	\$16,000.00
		Percent Replacement	100%
		Future Cost	\$24,927.48
Placed in Service	January 2008	Assigned Reserves	\$6,400.00
Useful Life	25		
Replacement Year	2033	Annual Assessment	\$1,033.26
Remaining Life	15	Interest Contribution	<u>\$52.03</u>
		Reserve Allocation	\$1,085.29



These monuments should last a long time, however we recommend replacing and updating them at some point in the future.

Signs - Total Current Cost	\$16,000
Assigned Reserves	\$6,400
Fully Funded Reserves	\$6,400

**Cottages at Sycamores
Detail Report by Category**

Detail Report Summary

Total of All Assets

Assigned Reserves	\$120,668.00
Annual Contribution	\$18,397.52
Annual Interest	\$973.46
Annual Allocation	\$19,370.98

Contingency at 3.00%

Assigned Reserves	\$3,732.00
Annual Contribution	\$569.00
Annual Interest	\$30.11
Annual Allocation	\$599.10

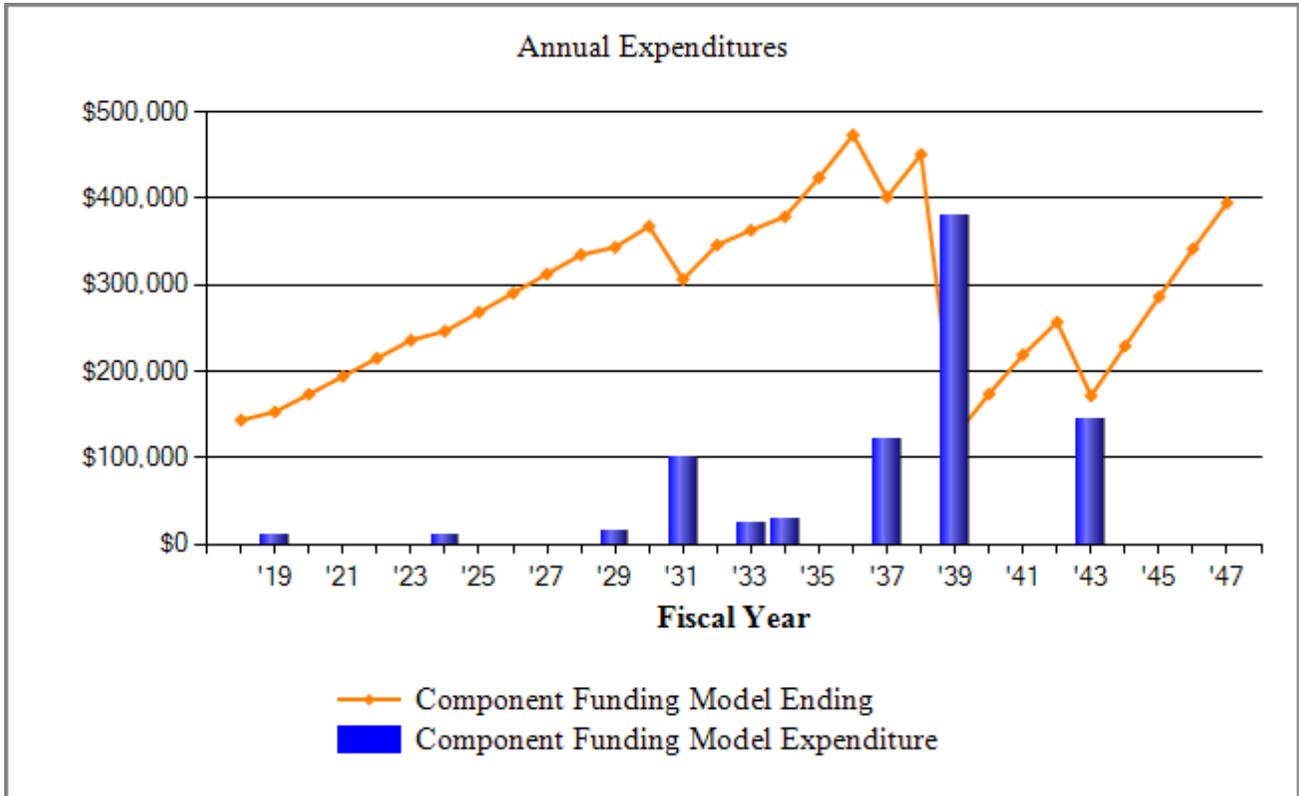
Grand Total

Assigned Reserves	\$124,400.00
Annual Contribution	\$18,966.52
Annual Interest	\$1,003.56
Annual Allocation	\$19,970.08

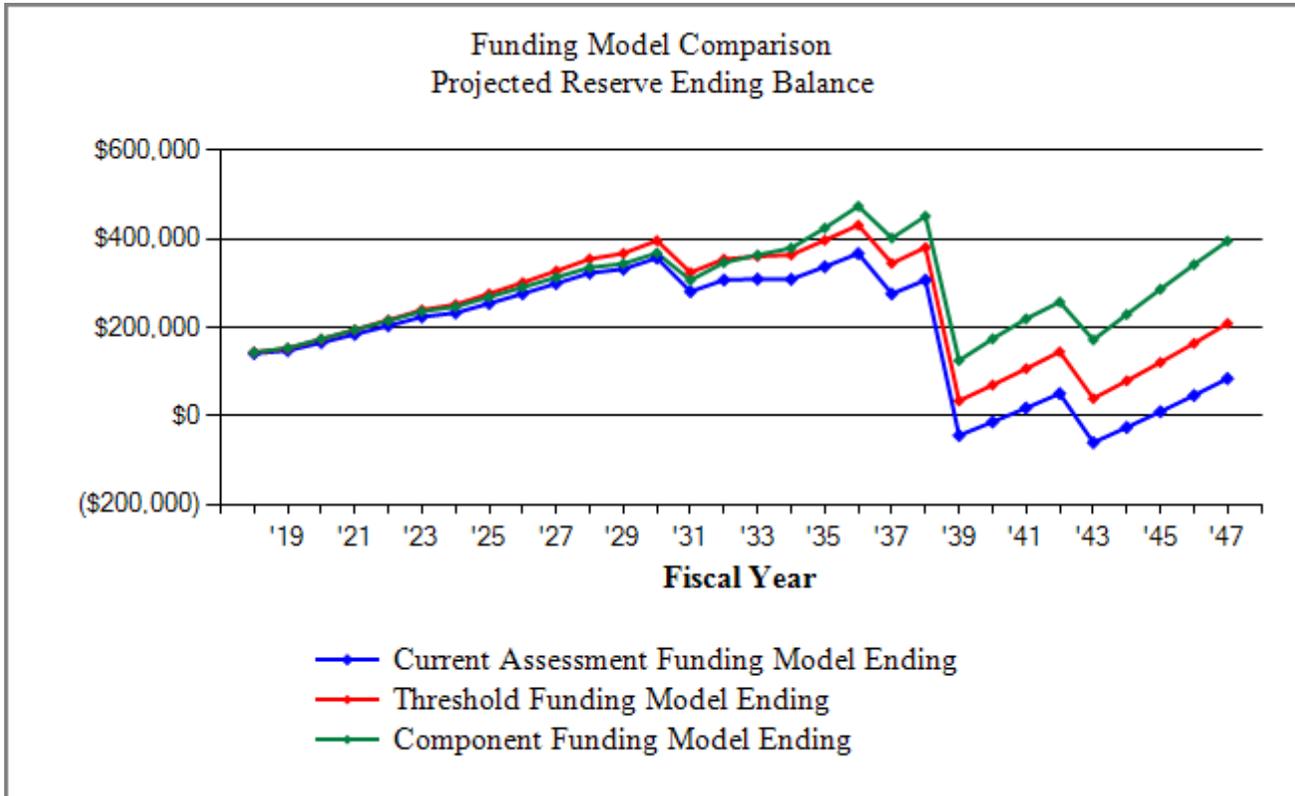
**Cottages at Sycamores
Category Detail Index**

Asset ID	Description	Replacement	Page
1002	3-Rail Vinyl Fence - Replace	Unfunded	2-14
1016	Asphalt - Overlay with 2" Mill Edge	Unfunded	2-9
1015	Asphalt - Seal Coat	Unfunded	2-9
1009	Asphalt Shingles - Replace	2039	2-11
1014	B-Ball Court Concrete - Replace	2024	2-20
1013	B-Ball Hoop - Replace	2024	2-20
1012	Charcoal BBQ Grill - Replace	2029	2-21
1006	Entry Doors - Repaint	Unfunded	2-12
1007	Garage Doors - Repaint	Unfunded	2-12
1008	Gutters/Downspouts - Replace	2039	2-18
1018	Mailboxes - Replace	Unfunded	2-23
1001	Monuments - Replace	2033	2-24
1011	Picnic Table - Replace	2024	2-22
1004	Stone/Brick - Replace	2019	2-18
1017	Street Light Poles - Replace	Unfunded	2-16
1003	Stucco - Repair/Repaint	2031	2-13
1010	Vinyl Fence Dividers - Replace	2034	2-14
1005	Wall Lights - Replace	2034	2-16
1019	Wood Decks - Repair/Seal	Unfunded	2-19
	Total Funded Assets	11	
	Total Unfunded Assets	<u>8</u>	
	Total Assets	19	

Cottages at Sycamores Annual Expenditure Chart

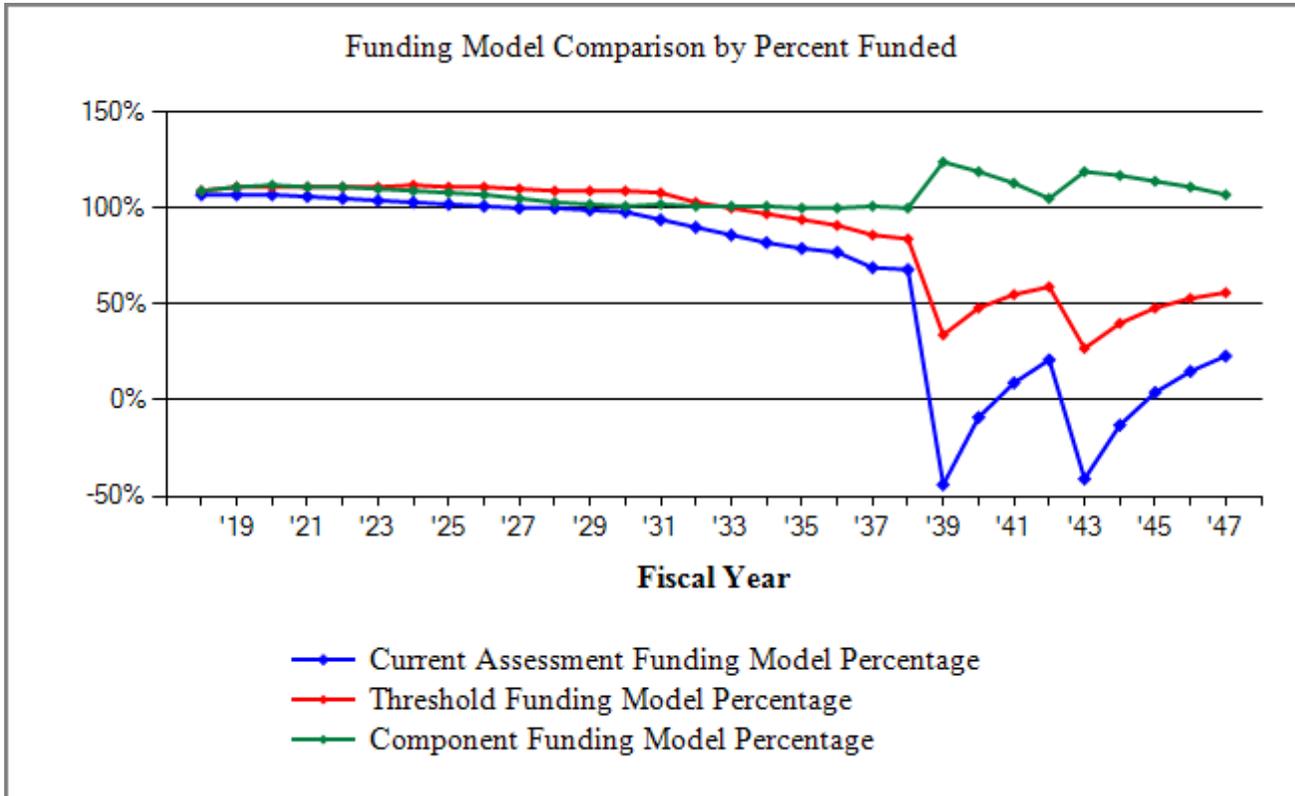


**Cottages at Sycamores
Funding Model Reserve Ending Balance Comparison Chart**



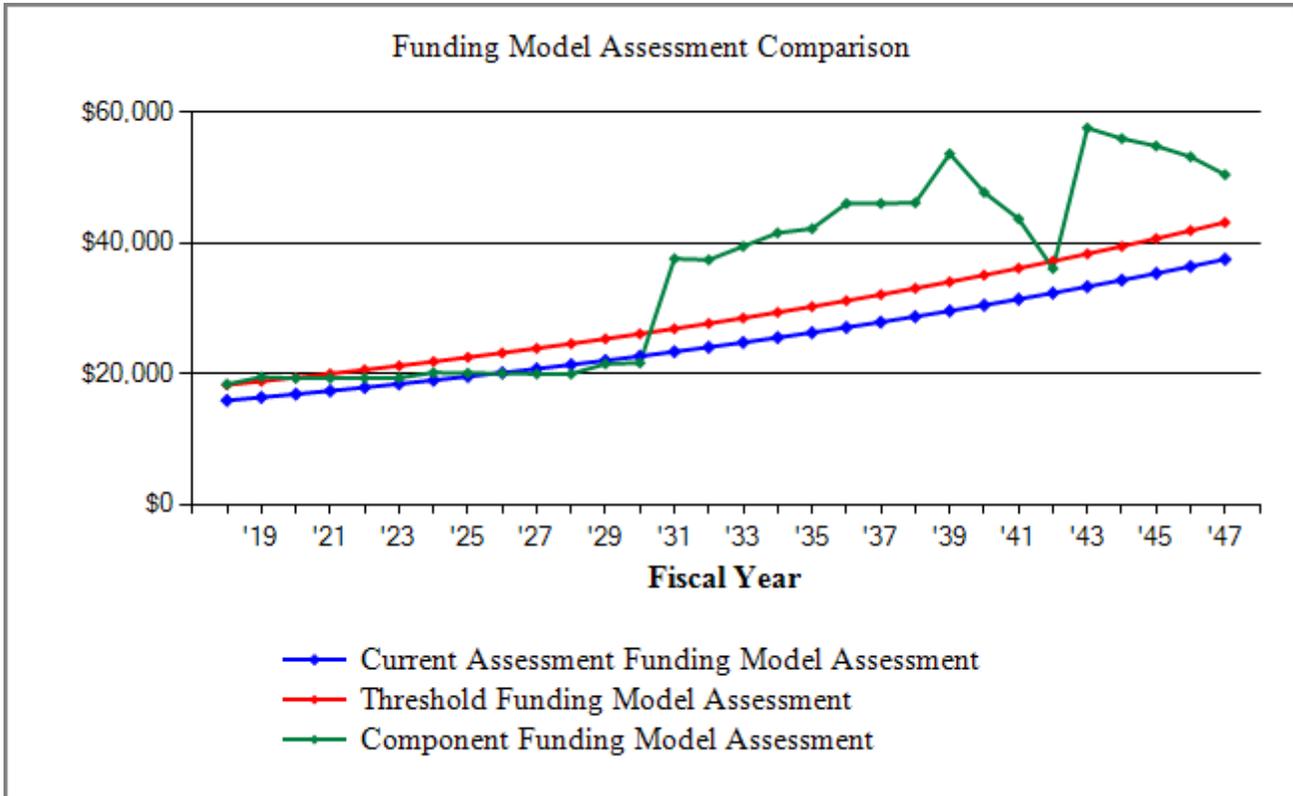
The chart above compares the projected reserve ending balances of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

Cottages at Sycamores
Funding Model Comparison by Percent Funded



The chart above compares the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) by the percentage fully funded over 30 years. This allows your association to view and then choose the funding model that might best fit your community’s needs.

**Cottages at Sycamores
Funding Model Assessment Comparison Chart**



The chart above compares the annual assessment of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

**Cottages at Sycamores
Spread Sheet**

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Description										
3-Rail Vinyl Fence - Replace	<i>Unfunded</i>									
Asphalt - Overlay with 2" Mill Edge	<i>Unfunded</i>									
Asphalt - Seal Coat	<i>Unfunded</i>									
Asphalt Shingles - Replace										
B-Ball Court Concrete - Replace							5,970			
B-Ball Hoop - Replace							3,821			
Charcoal BBQ Grill - Replace										
Entry Doors - Repaint	<i>Unfunded</i>									
Garage Doors - Repaint	<i>Unfunded</i>									
Gutters/Downspouts - Replace										
Mailboxes - Replace	<i>Unfunded</i>									
Monuments - Replace										
Picnic Table - Replace							1,791			
Stone/Brick - Replace		11,124								
Street Light Poles - Replace	<i>Unfunded</i>									
Stucco - Repair/Repaint										
Vinyl Fence Dividers - Replace										
Wall Lights - Replace										
Wood Decks - Repair/Seal	<i>Unfunded</i>									
Year Total:		11,124					11,582			

**Cottages at Sycamores
Spread Sheet**

Description	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
3-Rail Vinyl Fence - Replace	<i>Unfunded</i>									
Asphalt - Overlay with 2" Mill Edge	<i>Unfunded</i>									
Asphalt - Seal Coat	<i>Unfunded</i>									
Asphalt Shingles - Replace										
B-Ball Court Concrete - Replace										
B-Ball Hoop - Replace										
Charcoal BBQ Grill - Replace		415								
Entry Doors - Repaint	<i>Unfunded</i>									
Garage Doors - Repaint	<i>Unfunded</i>									
Gutters/Downspouts - Replace										
Mailboxes - Replace	<i>Unfunded</i>									
Monuments - Replace						24,927				
Picnic Table - Replace										
Stone/Brick - Replace		14,950								
Street Light Poles - Replace	<i>Unfunded</i>									
Stucco - Repair/Repaint				101,035						120,641
Vinyl Fence Dividers - Replace							13,437			
Wall Lights - Replace							15,020			
Wood Decks - Repair/Seal	<i>Unfunded</i>									
Year Total:		15,365		101,035		24,927	28,457			120,641

**Cottages at Sycamores
Spread Sheet**

Description	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
3-Rail Vinyl Fence - Replace	<i>Unfunded</i>									
Asphalt - Overlay with 2" Mill Edge	<i>Unfunded</i>									
Asphalt - Seal Coat	<i>Unfunded</i>									
Asphalt Shingles - Replace		322,854								
B-Ball Court Concrete - Replace		9,301								
B-Ball Hoop - Replace		5,953								
Charcoal BBQ Grill - Replace										
Entry Doors - Repaint	<i>Unfunded</i>									
Garage Doors - Repaint	<i>Unfunded</i>									
Gutters/Downspouts - Replace		19,347								
Mailboxes - Replace	<i>Unfunded</i>									
Monuments - Replace										
Picnic Table - Replace		2,790								
Stone/Brick - Replace		20,091								
Street Light Poles - Replace	<i>Unfunded</i>									
Stucco - Repair/Repaint						144,052				
Vinyl Fence Dividers - Replace										
Wall Lights - Replace										
Wood Decks - Repair/Seal	<i>Unfunded</i>									
Year Total:		380,337				144,052				

Executive Summary - Cottages at Sycamores

Information to complete this Reserve Study was gathered by performing an on-site inspection of the common area components. In addition, we also obtained information by contacting contractors as well as communicating with the property representative (BOD Member and/or Community Manager). To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate so far as the information obtained from these sources.

Projected Beginning Balance as of January, 1 2018	\$ 124,400
Ideal Reserve Balance as of January, 1 2018	\$ 111,790
Percent Funded as of January, 1 2018	108%
Recommended Reserve Contribution (Per Annual)	\$ 18,398
Recommended Special Assessment	\$ 0

Cottages at Sycamores HOA is a 39-Unit Townhome community offers private streets, as well as landscaped areas and amenities. Construction on the property was completed in 2009.

Reserve Funding

In comparing the projected starting reserve balance of \$124,400 versus the ideal reserve balance of \$111,790 we find the association's reserve fund to be 108% funded. This indicates a very strong reserve fund position. We suggest adopting a reserve contribution of \$1,533 per month (\$39.31/unit). If the reserve fund contribution falls below this rate, then the reserve fund may fall into a situation where special assessments, deferred maintenance and lower property values are likely at some point in the future.