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May 6, 2011



The Huntington Homeowners Association
Attn: Timothy Baker, Treasurer
350 2nd Street North, #16
St. Petersburg, Florida 32701

Re: **The Huntington Homeowners Association Reserve Study Summary**

Mr. Baker:

Attached is the reserve study report conducted on The Huntington Homeowners Association project. This study considers the replacement, repairs and/or refurbishment of the project's common area improvements. The total current cost of the components included in this analysis as of January 1, 2012 is \$318,880, and the total future cost is \$383,751. The largest proportion of these expenses involves roofing. The beginning reserve fund balance for January 1, 2012 is projected at \$103,781.

Page four of the attached reserve study report is an Executive Summary page and provides a summary of the results from the Straight-Line (Fully Funded) Funding Analysis and the Cash Flow (Pooled Funded) Analysis. The Association's 2012 budgeted annual reserve contribution amount is \$20,337. The Straight-Line Funding Analysis requires 100% funding and recommends increasing reserve contributions for the 2012 fiscal year to \$55,975. It is recommended in the Cash Flow Analysis that the Association increase annual reserve contributions to \$26,000 for the 2012 fiscal year. Reserve contributions should then be increased by 5% per year from 2013 to 2022 to meet future projected reserve expenditures.

This reserve study does not include a component for the complete replacement of the project's electrical, plumbing or storm water drainage system. A reserve study is a budget planning tool and not an engineering study. Determining the condition for hidden or unapparent building or site components is beyond the scope of this reserve study. It is assumed in this reserve study that the project's electrical, plumbing and/or storm water drainage system will have a useful life similar to that of the overall project. Accurately predicting the premature failure or replacement cost of these components is not considered reasonable. A component for the replacement of the project's electrical, plumbing or storm water drainage system can be included per request of the client if information is available that warrants their inclusion.

The Huntington Homeowners Association
May 6, 2011
Page 2 of 2

Feel free to call us if you have any concerns or questions. We appreciate the opportunity to be of service.

Sincerely,

Robert Wilder
Reserve Specialist

Enclosure

2012
RESERVE STUDY UPDATE
FOR

**The Huntington
Homeowners Association**

May 6, 2011

Prepared by

Armstrong Consulting, Inc.

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2012
RESERVE STUDY UPDATE FOR
The Huntington Homeowners Association
May 6, 2011

A level two (2) study was performed according to the Community Associations Institute (CAI) Reserve Study Standards. (*See attached standards.*)

On site visual observations of the common area elements [i.e. roofs, parking area, paint, etc.] were performed on March 24, 2011 by Robert Wilder.

This report may also rely on information supplied by the property manager, Board of Directors, resident manager, contractors and published replacement guides modified for local conditions related to reconstruction.

The placement of a useful life on common elements is not an exact science. There are many variables that affect their life. For example, weather, usage, vandalism and proper maintenance. Therefore, we recommend a review of the physical analysis every three years or at any time of a major condition change [i.e., storm damage] and an update of the financial analysis every year.

Disclosure; as an impartial third party, Armstrong Consulting, Inc. also provides construction management for Association's reserve projects, by being the Association's representative.

This report was either prepared or reviewed by Robert Wilder, R.S.

Armstrong Consulting, Inc.



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RESERVE STUDY ANALYSIS

Two analyses utilized in our reserve study to calculate contributions include the Straight-Line Funding Analysis and the Cash Flow Analysis.

STRAIGHT-LINE (FULLY FUNDED) FUNDING ANALYSIS

The Straight-Line Component Funding Analysis calculates the annual contribution amount for each individual line item component by dividing the component's unfunded balance by its remaining useful life. A component's unfunded balance is its replacement cost less the reserve balance in the component at the beginning of the analysis period. The annual contribution rate for each individual line item component is then summed to calculate the total annual contribution rate for this analysis. Interest on funds invested is not factored into the calculations for the Component Funding Analysis. The Component Funding Analysis requires 100% funding of components when calculating the annual contribution rate.

CASH FLOW (POOLED) FUNDING ANALYSIS

The Cash Flow Analysis is a method of calculating reserve contributions where contributions to the reserve funds are designed to offset the variable annual expenditures from the reserve fund. This analysis calculates the future replacement cost for reserve components when they are due for replacement. Funds from the beginning balances are pooled together and a yearly contribution rate is calculated to arrive at a positive cash flow and reserve account balance to adequately fund the future projected expenditures throughout the period of the analysis.

Unlike the Component Funding Analysis, the Cash Flow Analysis does not require 100% funding of components to meet projected future expenditures. The rate of return on funds invested is also factored in to the Cash Flow Analysis. These two factors result in a contribution rate that is normally less than that developed by the Component Funding Analysis. Although the Cash Flow Analysis may fund reserves at less than 100% during all or portions of the analysis period, a positive cash flow throughout the period of the analysis ensures that each reserve component will have sufficient funds available for expenditures when they are due.

EXECUTIVE SUMMARY-HOA

PROPERTY DATA

Property Name:	The Huntington Homeowners Association	Report Run Date:	05/06/11
Property Location:	St. Petersburg, Florida	Budget Year Begins:	01/01/12
Property Type:	Homeowners Association	Budget Year Ends:	12/31/12
Total Units:	27 Units		
Phase:	1 of 1		

PROJECTED COMPONENT CATEGORIES AND PARAMETERS

Component Categories in Reserve Analysis:

- | | |
|-------------|------------------|
| 1. Grounds | 4. Roofing |
| 2. Painting | 5. Security |
| 3. Pavement | 6. Swimming Pool |

Total current cost of all reserve components in reserve analysis:	\$	318,880
Total future cost of all reserve components in reserve analysis:	\$	383,751
Estimated beginning reserve fund balance for reserve analysis:	\$	103,781
Total number of components scheduled for replacement in the 2012 budget year:		2
Total cost of components scheduled for replacement in the 2012 budget year:	\$	20,800

ANALYSIS RESULTS – STRAIGHT-LINE FUNDING ANALYSIS

The Huntington's budgeted 2012 annual reserve funding amount:	\$	20,337
Armstrong Consulting's recommended 2012 annual reserve funding amount:	\$	55,975
Increase between Association and recommended annual funding amounts:	\$	35,638
Increase between Association and recommended annual funding amounts:		175%

ANALYSIS RESULTS – CASH FLOW ANALYSIS

The Huntington's budgeted 2012 annual reserve funding amount:	\$	20,337
Armstrong Consulting's recommended 2012 annual reserve funding amount:	\$	26,000*
Increase between current and recommended annual funding amounts:	\$	5,663
Increase between current and recommended annual funding amounts:		28%

***Assumes annual increases to reserve contributions at 5% per year from 2013 to 2022 to meet future reserve expenditure requirements.**

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The Huntington

PROJECT DEFINITION REPORT

5/06/2011

Project Information

Project:	The Huntington	Project Date:	1/01/1998
Address:	350 2nd Street North	Number of Phases:	0
City:	St. Petersburg	Number of Units:	27
State:	FL	Number of Models:	0
Zip:	33701-0000		

Property Description

The subject property is defined as The Huntington Homeowners Association and is located at 350 2nd Street North in St. Petersburg, Florida. The property includes seven residential buildings that provide the property with a total of 27 units that contribute to the reserve budget.

The residential buildings are two-story structures. The buildings are built on poured concrete slab foundations with re-enforced concrete footings. Exterior walls are wood frame with a hardi-plank board siding. The roofs are pitched wood truss with wood sheathing decks and composition shingle surfaces.

Recreational improvements include a swimming pool with cabana. Site improvements include brick paver drive and parking areas, entry gates with automatic gate opening equipment, site lighting and landscape irrigation. The property was built in approximately 1998 and was considered to be in average condition upon the latest site visit performed on March 24, 2011.

The Huntington
STRAIGHT-LINE FUNDING REPORT

Analysis 1 - 2012
1/01/2012 - 12/31/2012

Description	Useful Life	Remaining Life	Beginning Balance	Current Replacement Cost	2012 Expenditure	Unfunded Balance	2012 Contribution Requirement
Grounds							
Landscape Irrigation System	15/00	01/00	1,048	3,000	0	1,952	1,952
Lighting-Common Area Metal Halide	20/00	12/00	1,462	6,600	0	5,138	428
Mail Cluster Box	15/00	01/00	1,258	3,600	0	2,342	2,342
Sub Total:			3,768	13,200	0	9,432	4,722
Painting							
Paint - Exterior Siding/Trim/Doors	08/00	02/00	19,468	66,990	0	47,522	23,761
Paint - Metal Fencing	10/00	02/00	2,289	6,750	0	4,461	2,231
Paint - Perimeter CBS Wall	10/00	02/00	3,476	10,250	0	6,774	3,387
Sub Total:			25,233	83,990	0	58,757	29,379
Pavement							
Brick Pavers - Drives/Sidewalks	20/00	08/00	7,294	24,050	0	16,756	2,095
Sub Total:			7,294	24,050	0	16,756	2,095
Roofing							
Gutters & Downspouts	20/00	06/00	1,046	3,360	0	2,314	386
Roofing-Asphalt Shingles	20/00	06/00	38,886	124,875	0	85,989	14,332

The Huntington
STRAIGHT-LINE FUNDING REPORT

Analysis 1 - 2012
1/01/2012 - 12/31/2012

Description	Useful Life	Remaining Life	Beginning Balance	Current Replacement Cost	2012 Expenditure	Unfunded Balance	2012 Contribution Requirement
Sub Total:			39,932	128,235	0	88,303	14,718
Security							
Entry Phone	10/00	06/00	427	2,400	0	1,973	329
Gate Operators	10/00	00/00	5,800	5,800	5,800	0	0
Site Wall Repairs	10/00	09/06	379	15,000	0	14,621	1,539
Sub Total:			6,606	23,200	5,800	16,594	1,868
Swimming Pool							
Pool Coping/Tile Band	20/00	11/00	984	3,325	0	2,341	213
Pool Deck Concrete/Brick Pavers	25/00	11/00	3,193	10,790	0	7,597	691
Pool Deck Furniture/Gas Grill	08/00	02/00	1,773	6,100	0	4,327	2,164
Pool Filter/Pump	08/00	08/00	0	1,000	0	1,000	125
Pool Int. Re-Plaster/Code Compliance	14/00	00/00	15,000	15,000	15,000	0	0
Sub Total:			20,950	36,215	15,000	15,265	3,193
Total:			103,783	308,890	20,800	205,107	55,975

Annual Contribution	55,975
Monthly Contribution	4,665
Monthly Contribution per Unit	173
(# of Units)	27

The Huntington

ANALYSIS DEFINITION REPORT

Analysis 1 - 2012

Project Information

Project:	The Huntington	Project Date:	1/01/1998
Address:	350 2nd Street North	Analysis Date:	1/01/2012
City:	St. Petersburg	Number of Phases:	0
State:	FL	Number of Units:	27
Zip:	33701-0000	Number of Models:	0

Analysis Parameters

Rate of Inflation:	3.5%	Deferred Expenditures:	No
Rate of Return on Investment:	2%	Contingency:	0%
Beginning Funds:	103,781.00	Contingency Time:	None
Loan/Special Assessment	No		

Annual Contribution Factors

		2022:	5%
2013:	5%	2023:	0%
2014:	5%	2024:	0%
2015:	5%	2025:	0%
2016:	5%	2026:	0%
2017:	5%	2027:	0%
2018:	5%	2028:	0%
2019:	5%	2029:	0%
2020:	5%	2030:	0%
2021:	5%	2031:	0%

Additional Analysis Information

Analysis 1 - 2012 indicates our recommended contribution rate into reserves to fund future projected reserve expenditures. The analysis period utilized is 20 years. The return on reserve funds invested is currently projected at approximately 2%. The inflation rate estimated for reserve components is 3.5% per year. The beginning reserve balance projected for January 1, 2012 is \$103,781 based on information provided by a property representative.

The Association's 2012 budgeted annual funding of \$20,337 does not meet future projected reserve expenditure requirements under the cash flow funding method. Reserve balances become negative in 2018. It is recommended that the Association increase annual reserve contributions to \$26,000 for the 2012 fiscal year. It will also be necessary to increase annual reserve contributions by 5% per year from 2013 to 2022 to meet future projected reserve expenditures.

Please review the above financial data and entire report for accuracy.

The Huntington
CASHFLOW SUMMARY PROJECTIONS

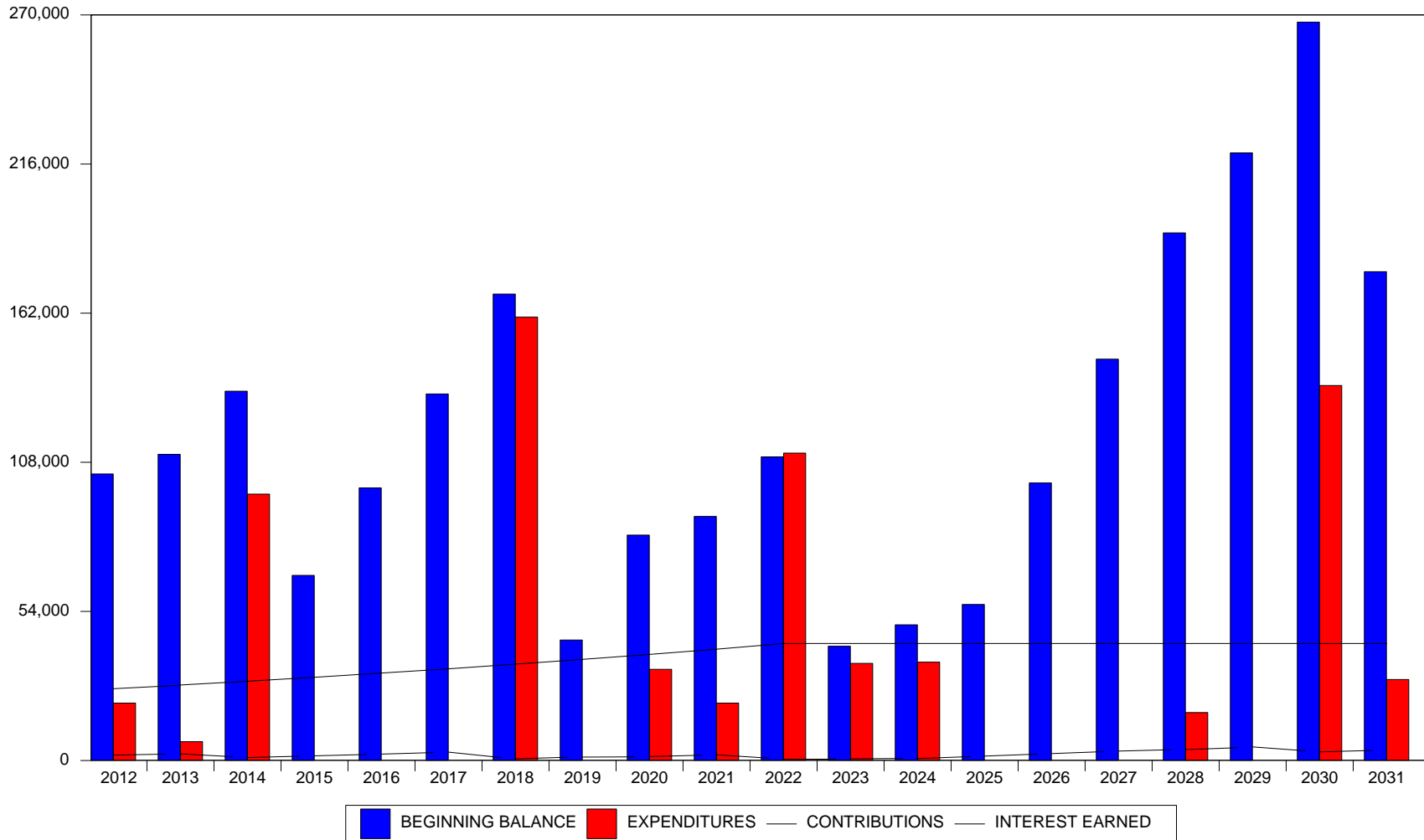
Analysis 1 - 2012

Year	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
2012	103,781.00	26,000.00	1,958.72	20,800.00	110,939.72
2013	110,939.72	27,300.00	2,399.41	6,831.00	133,808.13
2014	133,808.13	28,665.00	1,065.58	96,506.00	67,032.71
2015	67,032.71	30,098.25	1,681.42	0.00	98,812.38
2016	98,812.38	31,603.16	2,339.40	0.00	132,754.94
2017	132,754.94	33,183.32	3,041.89	0.00	168,980.15
2018	168,980.15	34,842.49	548.25	160,639.00	43,731.89
2019	43,731.89	36,584.61	1,281.74	0.00	81,598.24
2020	81,598.24	38,413.84	1,399.95	32,997.00	88,415.03
2021	88,415.03	40,334.53	2,015.79	20,798.00	109,967.35
2022	109,967.35	42,351.26	434.39	111,321.00	41,432.00
2023	41,432.00	42,351.26	587.48	35,204.00	49,166.74
2024	49,166.74	42,351.26	734.14	35,673.00	56,579.14
2025	56,579.14	42,351.26	1,603.95	0.00	100,534.35
2026	100,534.35	42,351.26	2,491.34	0.00	145,376.95
2027	145,376.95	42,351.26	3,396.65	0.00	191,124.86
2028	191,124.86	42,351.26	3,970.04	17,346.00	220,100.16
2029	220,100.16	42,351.26	4,905.17	0.00	267,356.59
2030	267,356.59	42,351.26	3,117.42	135,811.00	177,014.27
2031	177,014.27	42,351.26	3,740.60	29,348.00	193,758.13
Totals:		750,537.80	42,713.33	703,274.00	

The Huntington

CASHFLOW PROJECTIONS GRAPH

Analysis 1 - 2012



PROJECTED EXPENDITURES
The Huntington - Analysis 1 - 2012

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Brick Pavers - Drives/Sidewalks									31,680	
Entry Phone							2,951			
Gate Operators	5,800									
Gutters & Downspouts							4,132			
Landscape Irrigation System		3,105								
Mail Cluster Box		3,726								
Paint - Exterior Siding/Trim/Doors			71,761							
Paint - Metal Fencing			7,231							
Paint - Perimeter CBS Wall			10,980							
Pool Deck Furniture/Gas Grill			6,534							
Pool Filter/Pump									1,317	
Pool Int. Re-Plaster/Code Compliance	15,000									
Roofing-Asphalt Shingles							153,556			
Site Wall Repairs										20,798
Totals	20,800	6,831	96,506				160,639		32,997	20,798

PROJECTED EXPENDITURES
The Huntington - Analysis 1 - 2012

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Entry Phone							4,163			
Gate Operators	8,184									
Landscape Irrigation System							5,204			
Lighting-Common Area Metal Halide			9,976							
Mail Cluster Box							6,244			
Paint - Exterior Siding/Trim/Doors	94,529								124,476	
Paint - Metal Fencing			10,203							
Paint - Perimeter CBS Wall			15,494							
Pool Coping/Tile Band		4,856								
Pool Deck Concrete/Brick Pavers		15,758								
Pool Deck Furniture/Gas Grill	8,608								11,335	
Pool Filter/Pump							1,735			
Pool Interior Re-Plaster		14,590								
Site Wall Repairs										29,348
Totals	111,321	35,204	35,673				17,346		135,811	29,348

The Huntington
ACCOUNTANT'S REPORT

Analysis 1 - 2012

1/01/2012 - 12/31/2012

Component	Remaining Life (yr/mo)	Future Cost	Assigned Reserves	2012 Contribution Requirement	2012 Assigned Interest Earned	2012 Funding Requirement
Brick Pavers - Drives/Sidewalks	08/00	31,680	7,294	2,285	172	2,457
Entry Phone	06/00	2,951	427	134	10	144
Gate Operators	00/00	5,800	5,800	0	0	0
Gutters & Downspouts	06/00	4,132	1,046	328	25	353
Landscape Irrigation System	01/00	3,105	1,048	328	25	353
Lighting-Common Area Metal Halide	12/00	9,976	1,462	458	35	493
Mail Cluster Box	01/00	3,726	1,258	394	30	424
Paint - Exterior Siding/Trim/Doors	02/00	71,761	19,468	6,100	460	6,560
Paint - Metal Fencing	02/00	7,231	2,289	717	54	771
Paint - Perimeter CBS Wall	02/00	10,980	3,476	1,089	82	1,171
Pool Coping/Tile Band	11/00	4,856	984	308	23	331
Pool Deck Concrete/Brick Pavers	11/00	15,758	3,193	1,000	75	1,075
Pool Deck Furniture/Gas Grill	02/00	6,534	1,773	555	42	597
Pool Filter/Pump	08/00	1,317	0	0	0	0
Pool Int. Re-Plaster/Code Compliance	00/00	15,000	15,000	0	0	0
Roofing-Asphalt Shingles	06/00	153,556	38,886	12,184	918	13,102
Site Wall Repairs	09/06	20,798	379	119	9	128
Totals:		369,161	103,783	25,999	1,960	27,959

The Huntington
COMPONENT SUMMARY REPORT

Analysis 1 - 2012

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
<u>Grounds</u>							
Landscape Irrigation System Condition: Fair - Consistent with Age	1/01/1998	15/00	00/00	01/13	Y	3,000	3,105
	Source: Armstrong Consulting Internal Cost Data						
Lighting-Common Area Metal Halide Condition: Fair - Consistent with Age	11/01/2003	20/00	+00/02	01/24	Y	6,600	9,976
	Source: National Cost Data						
Mail Cluster Box Condition: Fair - Consistent with Age	1/01/1998	15/00	00/00	01/13	Y	3,600	3,726
	Sources: National Cost Data, Armstrong Consulting Internal Cost Data						
Sub Total:						13,200	16,807
<u>Painting</u>							
Paint - Exterior Siding/Trim/Doors Condition: Fair - Consistent with Age	1/01/2006	08/00	00/00	01/14	Y	66,990	71,761
	Source: Armstrong Consulting Internal Cost Data						
Paint - Metal Fencing Condition: Fair - Consistent with Age	1/01/1998	10/00	+06/00	01/14	Y	6,750	7,231
	Source: Armstrong Consulting Internal Cost Data						
Paint - Perimeter CBS Wall Condition: Fair - Consistent with Age	1/01/1998	10/00	+06/00	01/14	Y	10,250	10,980
	Source: Armstrong Consulting Internal Cost Data						
Sub Total:						83,990	89,972
<u>Pavement</u>							
Brick Pavers - Drives/Sidewalks Condition: Fair - Consistent with Age	1/01/1998	20/00	+02/00	01/20	Y	24,050	31,680
	Source: Armstrong Consulting Internal Cost Data						
Sub Total:						24,050	31,680
<u>Roofing</u>							
Gutters & Downspouts Condition: Fair - Consistent with Age	1/01/1998	20/00	00/00	01/18	Y	3,360	4,132
	Source: National Cost Data						

The Huntington
COMPONENT SUMMARY REPORT

Analysis 1 - 2012

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
Roofing-Asphalt Shingles Condition: Fair - Consistent with Age	1/01/1998 Source: Armstrong Consulting Internal Cost Data	20/00	00/00	01/18	Y	124,875	153,556
Sub Total:						128,235	157,688
<u>Security</u>							
Entry Phone Condition: Good - Consistent with Age	1/01/2008 Sources: Armstrong Consulting Internal Cost Data, Client/Management	10/00	00/00	01/18	Y	2,400	2,951
Gate Operators Condition: Fair - Consistent with Age	1/01/1998 Source: Armstrong Consulting Internal Cost Data	10/00	+04/00	01/12	Y	5,800	5,800
Site Wall Repairs Condition: Good - Consistent with Age	7/01/2011 Source: Client/Management	10/00	00/00	07/21	Y	15,000	20,798
Sub Total:						23,200	29,549
<u>Swimming Pool</u>							
Pool Coping/Tile Band Condition: Fair - Consistent with Age	1/01/1998 Sources: National Cost Data, Armstrong Consulting Internal Cost Data	20/00	+05/00	01/23	Y	3,325	4,856
Pool Deck Concrete/Brick Pavers Condition: Fair - Consistent with Age	1/01/1998 Source: Armstrong Consulting Internal Cost Data	25/00	00/00	01/23	Y	10,790	15,758
Pool Deck Furniture/Gas Grill Condition: Fair - Consistent with Age	1/01/2006 Source: Armstrong Consulting Internal Cost Data	08/00	00/00	01/14	Y	6,100	6,534
Pool Filter/Pump Condition: Fair - Consistent with Age	1/01/2012 Source: Armstrong Consulting Internal Cost Data	08/00	00/00	01/20	Y	1,000	1,317
Pool Int. Re-Plaster/Code Compliance Condition: Fair - Consistent with Age	1/01/1998 Source: Client/Management	14/00	00/00	01/12	N	15,000	15,000
Pool Interior Re-Plaster Condition: Fair - Consistent with Age	1/01/2012 Sources: Armstrong Consulting Internal Cost Data, Client/Management	10/00	+01/00	01/23	Y	9,990	14,590
Sub Total:						46,205	58,055

The Huntington
COMPONENT SUMMARY REPORT

Analysis 1 - 2012

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
Grand Total:						318,880	383,751

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Brick Pavers - Drives/Sidewalks

Category:	Pavement	Unit Cost:	6.50
Began Use:	1/01/1998	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	20.00%
Lifespan Adj.:	+ 2 years	Current Cost:	24,050.00
Next Replace:	1/01/2020	Future Cost:	31,680.15
Remaining Life:	8 YRS	Salvage Value:	0.00
Quantity:	18,500.00 SQ. FT.	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

Brick pavers are located throughout the project's open parking, driveways and sidewalks. We estimate that at least a portion of these pavers will require replacement and/or repairs over time due to settlement or uplifting from tree roots resulting in tripping hazards. For budgeting purposes, we estimate that approximately 20% of the common area brick pavers will require replacement and/or repairs over a 20 year period. This component should be reviewed periodically to determine condition and project future replacements. Complete replacement within 20 to 25 years could be considered by the Association. Total replacement cost is currently estimated at approximately \$120,000. This component does not include individual unit brick paver courtyards, which are assumed to be individual unit owners responsibility in this study.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Entry Phone

Category:	Security	Unit Cost:	2,400.00
Began Use:	1/01/2008	Cost Type:	Contractor
Lifespan:	10 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	2,400.00
Next Replace:	1/01/2018	Future Cost:	2,951.23
Remaining Life:	6 YRS	Salvage Value:	0.00
Quantity:	1.00 EACH	Condition:	Good - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input checked="" type="checkbox"/>	Client/Management

Remarks

The project's entry phone system is original to development in 1998 and the kiosk mother board and keypad was replaced in 2008 and 2009. The entry phone system is estimated to have a total useful life of 10 years assuming proper on-going maintenance and replacement is projected for 2018.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Gate Operators

Category:	Security	Unit Cost:	2,900.00
Began Use:	1/01/1998	Cost Type:	Contractor
Lifespan:	10 years	Pct. Replace:	100.00%
Lifespan Adj.:	+ 4 years	Current Cost:	5,800.00
Next Replace:	1/01/2012	Future Cost:	5,800.00
Remaining Life:	0 DAYS	Salvage Value:	0.00
Quantity:	2.00 EACH	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

The project's entry gate operators are original to development in 1998. The entry gate operators are estimated to have a total useful life of 10 years and the remaining useful life was extended for replacement in 2012.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Gutters & Downspouts

Category:	Roofing	Unit Cost:	7.00
Began Use:	1/01/1998	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	3,360.00
Next Replace:	1/01/2018	Future Cost:	4,131.72
Remaining Life:	6 YRS	Salvage Value:	0.00
Quantity:	480.00 LN. FT.	Condition:	Fair - Consistent with Age
Source(s):	<input checked="" type="checkbox"/> National Cost Data	<input type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input type="checkbox"/> Vendor	<input type="checkbox"/> Client/Management	

Remarks

The project contains an estimated 480 linear feet of gutters and downspouts. The gutters and downspouts were installed during construction and are currently in average condition. The gutters and downspouts are estimated to have a total useful life of 20 years and replacement is projected for 2018.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Landscape Irrigation System

Category:	Grounds	Unit Cost:	3,000.00
Began Use:	1/01/1998	Cost Type:	Contractor
Lifespan:	15 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	3,000.00
Next Replace:	1/01/2013	Future Cost:	3,105.00
Remaining Life:	12 MOS	Salvage Value:	0.00
Quantity:	1.00 SYSTEM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component involves the maintenance to the landscape irrigation system. This component includes maintenance and/or replacements of irrigation system controllers, lines, valves and sprinkler heads. The irrigation system is considered to be in average condition. Repairs are made on an as needed basis. This component is included for budgetary purposes.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Lighting-Common Area Metal Halide

Category:	Grounds	Unit Cost:	600.00
Began Use:	11/01/2003	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	100.00%
Lifespan Adj.:	+ 2 months	Current Cost:	6,600.00
Next Replace:	1/01/2024	Future Cost:	9,976.48
Remaining Life:	12 YRS	Salvage Value:	0.00
Quantity:	11.00 EACH	Condition:	Fair - Consistent with Age
Source(s):	<input checked="" type="checkbox"/> National Cost Data	<input type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input type="checkbox"/> Vendor	<input type="checkbox"/> Client/Management	

Remarks

The common area post mounted halide light fixtures were recently replaced in late 2003. The light fixtures are estimated to have a total useful life of 20 years. Replacement cost does not include post or fixture mounts.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Mail Cluster Box

Category:	Grounds	Unit Cost:	1,800.00
Began Use:	1/01/1998	Cost Type:	Contractor
Lifespan:	15 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	3,600.00
Next Replace:	1/01/2013	Future Cost:	3,726.00
Remaining Life:	12 MOS	Salvage Value:	0.00
Quantity:	2.00 EACH	Condition:	Fair - Consistent with Age
Source(s):	<input checked="" type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input type="checkbox"/> Vendor	<input type="checkbox"/> Client/Management	

Remarks

The project contains two mail cluster boxes that are maintained by the Association. These mail cluster boxes are original to the project's development and are estimated to have a total useful life of 15 years. Replacement is projected for 2013.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Paint - Exterior Siding/Trim/Doors

Category:	Painting	Unit Cost:	1.75
Began Use:	1/01/2006	Cost Type:	Contractor
Lifespan:	8 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	66,990.00
Next Replace:	1/01/2014	Future Cost:	71,761.36
Remaining Life:	24 MOS	Salvage Value:	0.00
Quantity:	38,280.00 SQ. FT.	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

The buildings have a Hardi-Plank exterior siding that was last painted in 2006. The exterior siding, trim and garage doors paint is estimated to have a useful life of 8 years and repainting is projected for 2014.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Paint - Metal Fencing

Category:	Painting	Unit Cost:	6.00
Began Use:	1/01/1998	Cost Type:	Contractor
Lifespan:	10 years	Pct. Replace:	100.00%
Lifespan Adj.:	+ 6 years	Current Cost:	6,750.00
Next Replace:	1/01/2014	Future Cost:	7,230.77
Remaining Life:	24 MOS	Salvage Value:	0.00
Quantity:	1,125.00 LN. FT.	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

The project's perimeter and courtyard metal fencing's paint is currently in average condition with some fading noted. The metal fencing is estimated to require repainting approximately every 10 years with repainting recommended for 2014.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Paint - Perimeter CBS Wall

Category:	Painting	Unit Cost:	1.00
Began Use:	1/01/1998	Cost Type:	Contractor
Lifespan:	10 years	Pct. Replace:	100.00%
Lifespan Adj.:	+ 6 years	Current Cost:	10,250.00
Next Replace:	1/01/2014	Future Cost:	10,980.06
Remaining Life:	24 MOS	Salvage Value:	0.00
Quantity:	10,250.00 SQ. FT.	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

The exterior paint on the project's perimeter 8 foot high concrete block/stucco wall. The perimeter wall is estimated to require repainting approximately every 10 years with repainting recommended for 2014.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Pool Coping/Tile Band

Category:	Swimming Pool	Unit Cost:	35.00
Began Use:	1/01/1998	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	100.00%
Lifespan Adj.:	+ 5 years	Current Cost:	3,325.00
Next Replace:	1/01/2023	Future Cost:	4,856.07
Remaining Life:	11 YRS	Salvage Value:	0.00
Quantity:	95.00 LN. FT.	Condition:	Fair - Consistent with Age
Source(s):	<input checked="" type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input type="checkbox"/> Vendor	<input type="checkbox"/> Client/Management	

Remarks

This component involves the repairs and replacement of the swimming pool's brick coping and ceramic tile band. The pool coping and tile band were installed during construction in 1998. Industry standards and our experience indicate that this component should have a total useful life of approximately 20 years. The remaining useful life was extended based on observed conditions during the March 2011 site visit and to coincide the coping work with pool interior resurfacing.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Pool Deck Concrete/Brick Pavers

Category:	Swimming Pool	Unit Cost:	6.50
Began Use:	1/01/1998	Cost Type:	Contractor
Lifespan:	25 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	10,790.00
Next Replace:	1/01/2023	Future Cost:	15,758.49
Remaining Life:	11 YRS	Salvage Value:	0.00
Quantity:	1,660.00 SQ. FT.	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component involves the replacement of the swimming pool deck concrete and brick pavers. The pool deck pavers were installed during construction in 1998. Industry standards and our experience indicate that these type pool decks should be replaced after approximately 25 years.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Pool Deck Furniture/Gas Grill

Category:	Swimming Pool	Unit Cost:	6,100.00
Began Use:	1/01/2006	Cost Type:	Contractor
Lifespan:	8 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	6,100.00
Next Replace:	1/01/2014	Future Cost:	6,534.47
Remaining Life:	24 MOS	Salvage Value:	0.00
Quantity:	1.00 TOTAL	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

This component assumes that the pool deck furniture and gas barbecue grill were replaced in approximately 2006. The furniture includes 6 chaise lounges, 11 chairs, 6 side tables, 2 table, 8 plastic chairs and 2 ottomans. The furniture and grill are currently considered to be in fair to average condition and replacement is projected for 2014.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Pool Filter/Pump

Category:	Swimming Pool	Unit Cost:	1,000.00
Began Use:	1/01/2012	Cost Type:	Contractor
Lifespan:	8 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	1,000.00
Next Replace:	1/01/2020	Future Cost:	1,000.00
Remaining Life:	0 DAYS	Salvage Value:	0.00
Quantity:	1.00 LUMP SUM	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

The swimming pool contains a small cartridge type filter and a 1 hp filtration pump. Prior replacement of this equipment is not known but it is assumed that this equipment will be replaced along with resurfacing and code compliance upgrades in 2012.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Pool Int. Re-Plaster/Code Compliance

Category:	Swimming Pool	Unit Cost:	15,000.00
Began Use:	1/01/1998	Cost Type:	Contractor
Lifespan:	14 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	15,000.00
Next Replace:	1/01/2012	Future Cost:	15,000.00
Remaining Life:	0 DAYS	Salvage Value:	0.00
Quantity:	1.00 TOTAL	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input type="checkbox"/> Vendor	<input checked="" type="checkbox"/> Client/Management	

Remarks

This component involves the resurfacing of the swimming pool's interior plaster surface as well as bringing the pool to compliance regarding the Virginia Graeme Baker Act. The pool interior plaster surface was installed during construction in 1998 and re-plaster and bringing the pool to compliance is budgeted for 2012.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Pool Interior Re-Plaster

Category:	Swimming Pool	Unit Cost:	18.50
Began Use:	1/01/2012	Cost Type:	Contractor
Lifespan:	10 years	Pct. Replace:	100.00%
Lifespan Adj.:	+ 1 years	Current Cost:	9,990.00
Next Replace:	1/01/2023	Future Cost:	9,990.00
Remaining Life:	0 DAYS	Salvage Value:	0.00
Quantity:	540.00 SQ. FT.	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input checked="" type="checkbox"/>	Client/Management

Remarks

This component involves the resurfacing of the swimming pool's interior plaster surface. The pool interior plaster surface was installed during construction in 1998 and is planned for resurfacing and bringing to code in 2012. This component is for future resurfacing as code compliances is not expected to be an issue after 2012.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Roofing-Asphalt Shingles

Category:	Roofing	Unit Cost:	375.00
Began Use:	1/01/1998	Cost Type:	Contractor
Lifespan:	20 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	124,875.00
Next Replace:	1/01/2018	Future Cost:	153,556.08
Remaining Life:	6 YRS	Salvage Value:	0.00
Quantity:	333.00 SQUARE	Condition:	Fair - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input checked="" type="checkbox"/>	Armstrong Consulting Internal Cost Data
	<input type="checkbox"/> Vendor	<input type="checkbox"/>	Client/Management

Remarks

The residential buildings and pool cabana have architectural shingle surfaces that are estimated to have a total useful life of 20 years. This roof surfaces are original to the buildings and are projected for replacement in 2018. The roof is reportedly leaking in isolated areas but the overall roof appeared to be in average condition based on surface visual observations. It is assumed that any minor isolated leaks can be repaired through the general operating budget prior to overall replacement of the roof surface.

The Huntington

COMPONENT DETAIL REPORT

Analysis 1 - 2012

Site Wall Repairs

Category:	Security	Unit Cost:	15,000.00
Began Use:	7/01/2011	Cost Type:	Contractor
Lifespan:	10 years	Pct. Replace:	100.00%
Lifespan Adj.:	None	Current Cost:	15,000.00
Next Replace:	7/01/2021	Future Cost:	20,798.14
Remaining Life:	9 YRS	Salvage Value:	0.00
Quantity:	1.00 TOTAL	Condition:	Good - Consistent with Age
Source(s):	<input type="checkbox"/> National Cost Data	<input type="checkbox"/> Armstrong Consulting Internal Cost Data	
	<input type="checkbox"/> Vendor	<input checked="" type="checkbox"/> Client/Management	

Remarks

This component involves maintenance to the project's 8' high masonry block perimeter wall. Concrete walls will deteriorate and sections will require repairs over time. A section of the wall is settling and requires repairs that are planned to occur in 2011. This component assumes that the wall will be repaired as plan and future repairs are budgeted every 15 years. This component should be monitored and adjusted as the project ages and conditions change.

Reserve Study Addendum

COMMUNITY ASSOCIATIONS INSTITUTE (CAI) RESERVE STUDY STANDARDS

What is a Reserve Study?

A Reserve Study is made up of two parts, 1) the information about the physical status and repair/replacement cost of the major common area components the association is obligated to maintain (Physical Analysis), and 2) the evaluation and analysis of the association's Reserve balance, income, and expenses (Financial Analysis). The Physical Analysis is comprised of the Component Inventory, Condition Assessment, and Life and Valuation Estimates. The Component Inventory should be relatively "stable" from year to year, while the Condition Assessment and Life and Valuation Estimates will necessarily change from year to year. The Financial Analysis is made up of a finding of the client's current Reserve Fund Status (measured in cash or as Percent Funded) and a recommendation for an appropriate Reserve contribution rate (Funding Plan).

Physical Analysis	Financial Analysis
Component Inventory Condition Assessment Life and Valuation Estimates	Fund Status Funding Plan

Reserve Study Contents

The following is a list of the minimum contents to be included in the Reserve Study.

- A summary of the association's number of units, physical description, and Reserve Fund financial condition.
- A projection of Reserve Starting Balance, recommended Reserve contributions, projected Reserve expenses, and projected ending Reserve Fund Balance for a minimum of 20 years.
- A tabular listing of the Component Inventory, component quantity or identifying descriptions, Useful Life, Remaining Useful Life, and Current Replacement Cost.
- A description of methods and objectives utilized in computing the Fund Status and development of the Funding Plan.
- Source(s) utilized to obtain component Repair or Replacement cost estimates.
- A description of the Level of Service by which the Reserve Study was prepared.
- Fiscal year for which the Reserve Study is prepared.

Levels of Service

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

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

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

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

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

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

- Life and Valuation Estimates
- Fund Status
- Funding Plan

Disclosures

The following are the minimum disclosures to be included in the Reserve Study.

General: Description of other involvement(s) with the association that could result in actual or perceived conflicts of interest.

Physical Analysis: Description of how thorough the on-site observations were performed: representative sampling vs. all common areas, destructive testing or not, field measurements vs. drawing take-offs, etc.

Financial Analysis: Description of assumptions utilized for interest and inflation, tax, and other outside factors.

Personnel Credentials: State or organizational licenses or credentials carried by the individual responsible for Reserve Study preparation or oversight.

Update Reports: Disclosure of how the current work is reliant on the validity of prior Reserve Studies.

Completeness: Material issues which, if not disclosed, would cause a distortion of the association's situation.

Reliance on Client Data: Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues will be deemed reliable by the consultant. The reserve study will be a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.

Reserve Balance: The actual or projected total presented in the reserve study is based upon information provided and was not audited.

Component Quantities: For Update With-Site-Visit and Update No-Site-Visit Levels of Service, the client is considered to have deemed previously developed component quantities as accurate and reliable.

Reserve Projects: Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection.

Terms and Definitions

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

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

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

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

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

CURRENT REPLACEMENT COST: See "Replacement Cost."

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

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

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

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

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

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

or

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

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

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

- **Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.
- **Full Funding:** Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.
- **Statutory Funding:** Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.
- **Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

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

FUNDING PRINCIPLES:

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

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

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

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

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

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

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

RESERVE PROVIDER: An individual who prepares Reserve Studies.

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

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

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

SPECIAL ASSESSMENT: An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

SURPLUS: An actual (or projected) Reserve Balance greater than the Fully Funded Balance. See "Deficit."

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

Courtesy of Armstrong Consulting, Inc.