

Fountains at Summerfield Reserve Study Update

Fiscal Year 2012



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Fountains at Summerfield
OR10-258



Fountains at Summerfield
Attn: Board of Directors
c/o Barbara Stayton
15655 SW 114th Court, #13
Tigard, OR 97224

Dear Board of Directors,
Western Architectural would like to thank you for the opportunity to provide this reserve study analysis and Maintenance Plan for the Fountains at Summerfield, located at 15371 - 15695 SW 114th Court in Tigard, OR.

This reserve study is a budget-planning tool that identifies the status of the reserve fund and schedules the anticipated major commonly owned item replacements. This reserve study will also estimate the expected useful life and remaining useful life of building and site components or systems, and will provide an estimated replacement or refurbishment cost for those components or systems. Major components or systems may include, but are not limited to roofing, siding, paving, mechanical equipment, common area finishes and amenities, and other commonly owned systems or items.

The scope of work identified within our contract is to provide you with a “full” reserve study, which includes:

- Component/System Inventory
- Expected Useful Life and Remaining Useful Life Estimates
- Condition Assessment (based upon on-site visual observations using Good/Fair/Poor grading scale)
- Component/System Replacement Schedule and Estimated Pricing
- Identify Current Reserve Account Balance
- 30 Year Funding Plan

How to Use a Reserve Study

The documents included within the reserve study are intended to be used as guidelines and estimates. It is nearly impossible to know exactly when a building component or system will fail; however, an estimation of useful life based on similar product history and professional experience is used to estimate the time of replacement and associated costs. All costs included within this reserve study should be used as budgeting figures. For exact pricing, a qualified, licensed contractor should be contacted to provide a bid for any anticipated replacements.

The replacement schedule lists all components and systems that are anticipated to ‘wear out’ or fail within 30 years. Items which are anticipated to be replaced or repaired in the current year (2012) are included within the reserve study and these items should already be budgeted for, and scheduled to be replaced.

On the reserve schedule, review which items are anticipated to fail in the near future, and keep a close eye on them. It is always better to replace items prior to failure to eliminate the opportunity for surrounding components or associated systems to be affected. Be aware of items scheduled within 2-3 years of the current year. Remember, items listed are scheduled based on history and replacement is scheduled as an estimate. Items commonly fail sooner or later than the estimated date.

If items fail prematurely, a warranty may still be valid. Be sure to check with the manufacturer about warranty coverage prior to replacing the item. Warranty information may be available on the actual item, such as a boiler, elevator, or booster pump. This reserve study is not a guarantee or warranty for any components or systems. The product manufacturer or installation contractor generally provides warranties. The manufacturer and/or installation contractor may not be identified for some components or systems and therefore may be difficult to obtain warranty information.

The funds that are anticipated per unit assume all units are participating. If vacant units exist and are not contributing to the reserve fund, adjustments may need to be made to compensate for that loss.

The reserve account anticipates earning an average of 0.5% interest annually on the reserve account. If a higher or lower interest rate is earned, please contact the reserve analyst (Western Architectural) to make the proper adjustments.

Over time, deposits, interest rates, inflation, and replacement costs will vary, making the reserve study inaccurate. It is required to update this reserve study annually per the state of Oregon, *ORS 100.175* to ensure accuracy and adequate funding.

Preparation of a Reserve Study

Data is collected from many sources to prepare a reserve study as a variety of document reviews, interviews, and site observations are required to adequately fulfill our duties as a reserve provider. The following sources and methods were utilized in preparation of this reserve study document:

- Property Management Personnel Interviews
- As-built Plans and Specifications Document Reviews
- On-site Observations
- In-house Architects and Engineers Consulting
- Interviewing Engineering Consultants
- RS Means Facilities Maintenance & Repair Cost Data, 18th Edition (2011) printed manual
- RS Means Facilities Construction Cost Data, 26th Edition (2011) printed manual
- Interviewing General Contractor Consultants

A tabular list of commonly owned items is developed and given a current condition grade, expected useful life, and remaining useful life. This document is called a “Remaining Useful Life Analysis” and also determines which items are to be replaced over the upcoming 30 years.

A “Reserve Schedule” identifies the quantity of items throughout the development and a current replacement or refurbishment cost. Based on the remaining useful life of the item (per the Remaining Useful Life Analysis), it is scheduled to be replaced if expected to fail or wear out within the next 30 years.

The “Funding Plan” portion of the reserve study is the association’s plan to provide income to a reserve fund in order to pay for anticipated expenditures (per the Reserve Schedule) to maintain the development. The funding plan is developed through a “Cash Flow Method”, which is a method of developing a reserve-funding plan where contributions into the reserve account are designed to offset the variable annual expenditures in order to maintain the development. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

The goal of the Funding Plan is to achieve a fully funded status, which means the reserve account balance is equal to the anticipated expenditures identified in the Reserve Schedule. As monthly deposits are made into the reserve account in order to save for future costs, the funding plan rarely reaches a “fully funded” status. The motivation of achieving a “fully funded” status is to save enough money to afford the replacement of items as they are expected to fail or wear

out. Depositing the adequate amount of money into the reserve account each month will result in being “fully funded” when items are expected to be replaced.

Property Information

Site observations were performed on September 27, 2010 at the Fountains at Summerfield. The following is a description of the subject development based on information collected during the site observation and plan review.

- Residential Units: 110
- Constructed: 1985
- Buildings: 19
- Property ID: R1389642
- County: Washington
- State ID: 2S110DC90132

Building Description

Fountains at Summerfield was completed and ready for occupancy in the year 1985. The development consists of 19 residential buildings, which contain 110 residential units. This property is located off of SW Summerfield Dr., which is located near the intersection of Durham Rd. and Pacific Hwy (99W). Retail and commercial centers are located within close proximity to this property.

Disclosures

1. **General** – Fountains at Summerfield and Western Architectural have no professional or personal involvements with each one another, other than the scope of work identified in the reserve study contract. This relationship cannot be perceived as a conflict of interest.
2. **Physical Analysis** - On-site observations were limited to visual observations only. Destructive testing (invasive testing) was not performed. Any items that were not clearly visible at the time of the site observation were not viewed, and therefore were not included in the drafting of this report.
3. **Measurements** - Measuring and inventory were identified via a combination of on-site physical measurements and drawing take-offs. Drawing sets were provided by the property management for our use relating only to the reserve study scope of work.
4. **Completeness** - Western Architectural has found no material issues which, if not disclosed, would cause a distortion of the association's situation.
5. **Reliance on Client Data** - Data received by property management and association representatives is deemed reliable by Western Architectural. Such data received may include financial information, physical deficiencies or physical conditions, quantity of physical assets, or historical issues.
6. **Scope** - This reserve study is a reflection of information provided by Western Architectural and was assembled for use by Fountains at Summerfield. The intent of this reserve study is not to be used for performing an audit, quality or forensic analysis, or background checks of historical records.
7. **Reserve Balance** - The actual or projected total presented in the reserve study is based upon information provided or collected and was not audited.
8. **Reserve Projects** - Information provided or collected for the purpose of the reserve study will be considered reliable and should not be considered a project audit or quality inspection.

Reserve Provider Personal Credentials

Mr. Mike J. Poirier has prepared hundreds of reserve studies since 2004. He has provided reserve studies for high-rise condominiums of more than 300 residential units, to rural apartment-style condominiums containing less than 10 residential units, to master HOA's containing over 2,000 homes.

- Awarded the Reserve Specialist (RS) designation through Community Associations Institute (CAI) (RS designation #166).
- Issued State of Nevada Reserve Study Specialist Permit #RSS.0000020.
- Certified window installer, by Installation Masters I.D. #700006048.
- Conducted hundreds of reserve studies in four states since 2004.
- Active member of ASTM International and Community Associations Institute (CAI).
- Excels in programs such as ASTM training for property condition assessments & RS Means Maintenance & Facilities Cost Estimating.
- Developed the reserve study and maintenance plan department for Western Architectural.
- Reserve study clients range from management companies, new construction contractors, and community associations.

Mike J. Poirier



Manager, Maintenance Plan and Reserve Study Department

Compliance with Oregon State Requirements

The State of Oregon has a statute discussing reserve studies and maintenance plans and requirements of these documents (ORS 100.175). This document is included within this Reserve Study and Maintenance Plan on the following three pages.

ORS 100.175 States as follows:

100.175 Reserve account for replacing common elements; reserve study; 30-year maintenance plan. (1) The declarant shall:

**(a) Conduct a reserve study described in subsection (3) of this section; and
(b) Establish a reserve account for replacement of those common elements all or part of which will normally require replacement in more than three and less than 30 years, for exterior painting if the common elements include exterior painted surfaces, and for such other items as may be required by the declaration or bylaws. The reserve account need not include:**

**(A) Items that could reasonably be funded from operating assessments; or
(B) A reserve for limited common elements for which maintenance and replacement are the responsibility of one or more unit owners under the provisions of the declaration or bylaws.**

(2)(a) The reserve account must be funded by assessments against the individual units for the purposes for which the reserve account is being established.

(b) The assessment under this subsection will accrue from the time of the conveyance of the first individual unit assessed as provided in ORS 100.530.

(3)(a) The reserve account shall be established in the name of the association of unit owners that will be responsible for administering the account and for making periodic payments into the account.

(b) The reserve portion of the initial assessment determined by the declarant shall be based on the following:

(A) The reserve study described in paragraph (c) of this subsection;

(B) In the case of a conversion condominium, the statement described in ORS 100.655 (1)(g); or

(C) Other reliable information.

(c) The board of directors of the association annually shall conduct a reserve study or review and update an existing study to determine the reserve account requirements and may:

(A) Adjust the amount of payments in accordance with the study or review; and

(B) Provide for other reserve items that the board of directors, in its discretion, may deem appropriate.

(d) The reserve study shall include:

(A) Identification of all items for which reserves are to be established;

(B) The estimated remaining useful life of each item as of the date of the reserve study;

- (C) An estimated cost of maintenance, repair or replacement of each item at the end of its useful life; and
- (D) A 30-year plan for the maintenance, repair and replacement of common elements and association property with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule.
- (4) The 30-year plan under subsection (3) of this section shall:
- (a) Be appropriate for the size and complexity of the common elements and association property; and
- (b) Address issues that include but are not limited to warranties and the useful life of the common elements and association property.
- (5) The board of directors and the declarant shall, within 30 days after conducting the reserve study, provide to every unit owner a written summary of the reserve study and of any revisions to the 30-year plan adopted by the board of directors or the declarant as a result of the reserve study.
- (6)(a) If the declaration or bylaws require a reserve account, the reserve study requirements of subsection (3) of this section first apply to the association of a condominium recorded prior to October 23, 1999:
- (A) Upon adoption of a resolution by the board of directors in accordance with the bylaws providing that the requirements of subsection (3) of this section apply to the association; or
- (B) Upon submission to the board of directors of a petition signed by a majority of unit owners mandating that the requirements of subsection (3) of this section apply to the association.
- (b) The reserve study shall be completed within one year of the date of adoption of the resolution or submission of the petition to the board of directors.
- (7)(a) Except as provided in paragraph (b) of this subsection, the reserve account is to be used only for the purposes for which reserves have been established and is to be kept separate from other funds.
- (b) After the individual unit owners have assumed administrative responsibility for the association under ORS 100.210, if the board of directors has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds:
- (A) The board of directors may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses.
- (B) Not later than the adoption of the budget for the following year, the board of

directors shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period.

(8) Restrictions on the use of the reserve account do not prohibit its prudent investment subject to any constraints on investment of association funds imposed by the declaration, bylaws or rules of the association of unit owners.

(9) Assessments paid into the reserve account are the property of the association of unit owners and are not refundable to sellers of units.

(10) In addition to the authority of the board of directors under subsection (3)(c) of this section, following turnover, the association may:

(a) On an annual basis, elect not to fund the reserve account described in subsection (1) of this section by unanimous vote of the owners; or

(b) Elect to reduce or increase future assessments for the reserve account described in subsection (1) of this section by an affirmative vote of at least 75 percent of the owners.

[Formerly 94.072; 1997 c.816 §7; 1999 c.677 §44; 2001 c.756 §34; 2003 c.569 §27; 2005 c.543 §2]

A-Engrossed Senate Bill 955

Ordered by the Senate June 2
Including Senate Amendments dated June 2

Sponsored by COMMITTEE ON JUDICIARY

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

[Permits declarant of condominium to expressly warrant against certain defects in newly constructed units and common elements for not less than three years.]

[Limits applicability of statute of limitations to three years for construction defects when declarant elects to expressly warrant against certain defects for three years.]

[Requires election for three-year warranty and three-year statute of limitations to be disclosed in contract for sale of condominium unit.]

[Applies to warranties and limitations of actions on newly constructed units and common elements delivered into possession of unit owner other than declarant on or after effective date.]

Requires board of directors of homeowners association to include in annual reserve study 30-year plan for maintenance, repair and replacement of common property.

Requires board of directors of condominium unit owners association to include in annual reserve study 30-year plan for maintenance, repair and replacement of common elements and association property.

Requires boards and declarants, within 30 days after conducting reserve study, to provide owners with written summary of study and any revisions to 30-year plan.

A BILL FOR AN ACT

1
2 Relating to properties governed by declarations; amending ORS 94.572, 94.595 and 100.175.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 94.595 is amended to read:

5 94.595. (1) The declarant shall:

6 (a) Conduct a reserve study described in subsection (3) of this section; and

7 (b) Establish a reserve account for replacement of all items of common property which will
8 normally require replacement, in whole or in part, in more than three and less than 30 years, for
9 exterior painting if the common property includes exterior painted surfaces, for other items, whether
10 or not involving common property, if the association has responsibility to maintain the items and for
11 other items required by the declaration or bylaws. The reserve account need not include reserves
12 for those items:

13 (A) That could reasonably be funded from operating assessments; or

14 (B) For which one or more owners are responsible for maintenance and replacement under the
15 provisions of the declaration or bylaws.

16 (2)(a) A reserve account established under this section must be funded by assessments against
17 the individual lots for which the reserves are established.

18 (b) Unless the declaration provides otherwise, the assessments under this subsection begin ac-
19 cording for all lots from the date the first lot is conveyed.

20 (3)(a) The reserve account shall be established in the name of the homeowners association. The

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

LC 2642

- 1 association is responsible for administering the account and for making periodic payments into the
2 account.
- 3 (b) The reserve portion of the initial assessment determined by the declarant shall be based on:
4 (A) The reserve study described in paragraph (c) of this subsection; or
5 (B) Other sources of reliable information.
- 6 (c) The board of directors of the association annually shall conduct a reserve study or review
7 and update an existing study to determine the reserve account requirements and may:
8 (A) Adjust the amount of payments as indicated by the study or update; and
9 (B) Provide for other reserve items that the board of directors, in its discretion, may deem ap-
10 propriate.
- 11 (d) The reserve study shall include:
12 (A) Identification of all items for which reserves are required to be established;
13 (B) The estimated remaining useful life of each item as of the date of the reserve study;
14 (C) The estimated cost of maintenance, repair or replacement of each item at the end of its
15 useful life; and
16 (D) A 30-year plan **for the maintenance, repair and replacement of common property** with
17 regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves,
18 to meet the maintenance, repair and replacement schedule.
- 19 **(4) The 30-year plan under subsection (3) of this section shall:**
20 **(a) Be appropriate for the size and complexity of the common property; and**
21 **(b) Address issues that include but are not limited to warranties and the useful life of**
22 **the common property.**
- 23 **(5) The board of directors and the declarant shall, within 30 days after conducting the**
24 **reserve study, provide to every owner a written summary of the reserve study and of any**
25 **revisions to the 30-year plan adopted by the board of directors or the declarant as a result**
26 **of the reserve study.**
- 27 [(4)(a)] **(6)(a)** If the declaration or bylaws require a reserve account, the reserve study require-
28 ments of subsection (3) of this section first apply to the association of a subdivision that meets the
29 definition of a planned community under ORS 94.550 and is recorded prior to October 23, 1999, when:
30 (A) The board of directors adopts a resolution in compliance with the bylaws that applies the
31 requirements of subsection (3) of this section to the association; or
32 (B) A petition signed by a majority of owners is submitted to the board of directors mandating
33 that the requirements of subsection (3) of this section apply to the association.
- 34 (b) A reserve study shall be completed within one year of adoption of the resolution or sub-
35 mission of the petition to the board of directors.
- 36 [(5)(a)] **(7)(a)** Except as provided in paragraph (b) of this subsection, the reserve account may
37 be used only for the purposes for which reserves have been established and is to be kept separate
38 from other funds.
- 39 (b) After the individual lot owners have assumed responsibility for administration of the planned
40 community under ORS 94.616, if the board of directors has adopted a resolution, which may be an
41 annual continuing resolution, authorizing the borrowing of funds:
42 (A) The board of directors may borrow funds from the reserve account to meet high seasonal
43 demands on the regular operating funds or to meet unexpected increases in expenses.
44 (B) Not later than the adoption of the budget for the following year, the board of directors shall
45 adopt by resolution a written payment plan providing for repayment of the borrowed funds within

1 a reasonable period.

2 [(6)] **(8)** Nothing in this section prohibits prudent investment of reserve account funds subject
3 to any constraints imposed by the declaration, bylaws or rules of the association.

4 [(7)] **(9)** In addition to the authority of the board of directors under subsection (3)(c) of this
5 section, following the second year after the association has assumed administrative responsibility for
6 the planned community under ORS 94.616:

7 (a) By an affirmative vote of at least 75 percent of the owners of the planned community, the
8 association may elect to reduce or increase future assessments for the reserve account; and

9 (b) The association may, on an annual basis by a unanimous vote, elect not to fund the reserve
10 account.

11 [(8)] **(10)** Assessments paid into the reserve account are the property of the association and are
12 not refundable to sellers or owners of lots.

13 **SECTION 2.** ORS 100.175 is amended to read:

14 100.175. (1) The declarant shall:

15 (a) Conduct a reserve study described in subsection (3) of this section; and

16 (b) Establish a reserve account for replacement of those common elements all or part of which
17 will normally require replacement in more than three and less than 30 years, for exterior painting
18 if the common elements include exterior painted surfaces, and for such other items as may be re-
19 quired by the declaration or bylaws. The reserve account need not include:

20 (A) Items that could reasonably be funded from operating assessments; or

21 (B) A reserve for limited common elements for which maintenance and replacement are the re-
22 sponsibility of one or more unit owners under the provisions of the declaration or bylaws.

23 (2)(a) The reserve account must be funded by assessments against the individual units for the
24 purposes for which the reserve account is being established.

25 (b) The assessment under this subsection will accrue from the time of the conveyance of the first
26 individual unit assessed as provided in ORS 100.530.

27 (3)(a) The reserve account shall be established in the name of the association of unit owners that
28 will be responsible for administering the account and for making periodic payments into the account.

29 (b) The reserve portion of the initial assessment determined by the declarant shall be based on
30 the following:

31 (A) The reserve study described in paragraph (c) of this subsection;

32 (B) In the case of a conversion condominium, the statement described in ORS 100.655 (1)(g); or

33 (C) Other reliable information.

34 (c) The board of directors of the association annually shall conduct a reserve study or review
35 and update an existing study to determine the reserve account requirements and may:

36 (A) Adjust the amount of payments in accordance with the study or review; and

37 (B) Provide for other reserve items that the board of directors, in its discretion, may deem ap-
38 propriate.

39 (d) The reserve study shall include:

40 (A) Identification of all items for which reserves are to be established;

41 (B) The estimated remaining useful life of each item as of the date of the reserve study;

42 (C) An estimated cost of maintenance, repair or replacement of each item at the end of its useful
43 life; and

44 (D) A 30-year plan **for the maintenance, repair and replacement of common elements and**
45 **association property** with regular and adequate contributions, adjusted by estimated inflation and

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1 interest earned on reserves, to meet the maintenance, repair and replacement schedule.
2 **(4) The 30-year plan under subsection (3) of this section shall:**
3 **(a) Be appropriate for the size and complexity of the common elements and association**
4 **property; and**
5 **(b) Address issues that include but are not limited to warranties and the useful life of**
6 **the common elements and association property.**
7 **(5) The board of directors and the declarant shall, within 30 days after conducting the**
8 **reserve study, provide to every unit owner a written summary of the reserve study and of**
9 **any revisions to the 30-year plan adopted by the board of directors or the declarant as a re-**
10 **sult of the reserve study.**
11 [(4)(a)] **(6)(a)** If the declaration or bylaws require a reserve account, the reserve study require-
12 ments of subsection (3) of this section first apply to the association of a condominium recorded prior
13 to October 23, 1999:
14 (A) Upon adoption of a resolution by the board of directors in accordance with the bylaws pro-
15 viding that the requirements of subsection (3) of this section apply to the association; or
16 (B) Upon submission to the board of directors of a petition signed by a majority of unit owners
17 mandating that the requirements of subsection (3) of this section apply to the association.
18 (b) The reserve study shall be completed within one year of the date of adoption of the resol-
19 ution or submission of the petition to the board of directors.
20 [(5)(a)] **(7)(a)** Except as provided in paragraph (b) of this subsection, the reserve account is to
21 be used only for the purposes for which reserves have been established and is to be kept separate
22 from other funds.
23 (b) After the individual unit owners have assumed administrative responsibility for the associ-
24 ation under ORS 100.210, if the board of directors has adopted a resolution, which may be an annual
25 continuing resolution, authorizing the borrowing of funds:
26 (A) The board of directors may borrow funds from the reserve account to meet high seasonal
27 demands on the regular operating funds or to meet unexpected increases in expenses.
28 (B) Not later than the adoption of the budget for the following year, the board of directors shall
29 adopt by resolution a written payment plan providing for repayment of the borrowed funds within
30 a reasonable period.
31 [(6)] **(8)** Restrictions on the use of the reserve account do not prohibit its prudent investment
32 subject to any constraints on investment of association funds imposed by the declaration, bylaws or
33 rules of the association of unit owners.
34 [(7)] **(9)** Assessments paid into the reserve account are the property of the association of unit
35 owners and are not refundable to sellers of units.
36 [(8)] **(10)** In addition to the authority of the board of directors under subsection (3)(c) of this
37 section, following turnover, the association may:
38 (a) On an annual basis, elect not to fund the reserve account described in subsection (1) of this
39 section by unanimous vote of the owners; or
40 (b) Elect to reduce or increase future assessments for the reserve account described in sub-
41 section (1) of this section by an affirmative vote of at least 75 percent of the owners.
42 **SECTION 3.** ORS 94.572 is amended to read:
43 94.572. (1)(a) A Class I or Class II planned community created before January 1, 2002, that was
44 not created under ORS 94.550 to 94.783 is subject to this section and ORS 94.550, 94.590, 94.595 [(4)
45 to (8)] **(6) to (10)**, 94.625, 94.630 (1), (3) and (4), 94.640, 94.645, 94.647, 94.650, 94.655, 94.657, 94.658,

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1 94.660, 94.662, 94.665, 94.670, 94.675, 94.680, 94.690, 94.695, 94.704, 94.709, 94.712, 94.716, 94.719,
2 94.723, 94.728, 94.733, 94.770, 94.775, 94.777 and 94.780 to the extent that those statutes are consist-
3 ent with any governing documents. If the governing documents do not provide for the formation of
4 an association, the requirements of this subsection are not effective until the formation of an asso-
5 ciation in accordance with paragraph (b) of this subsection. If a provision of the governing docu-
6 ments is inconsistent with this subsection, the owners may amend the governing documents using
7 the procedures in this subsection:

8 (A) In accordance with the procedures for the adoption of amendments in the governing docu-
9 ments and subject to any limitations in the governing documents, the owners may amend the in-
10 consistent provisions of the governing documents to conform to the extent feasible with this section
11 and ORS 94.550, 94.590, 94.595 [(4) to (8)] **(6) to (10)**, 94.625, 94.630 (1), (3) and (4), 94.640, 94.645,
12 94.647, 94.650, 94.655, 94.657, 94.658, 94.660, 94.662, 94.665, 94.670, 94.675, 94.680, 94.690, 94.695,
13 94.704, 94.709, 94.712, 94.716, 94.719, 94.723, 94.728, 94.733, 94.770, 94.775, 94.777 and 94.780. Nothing
14 in this paragraph requires the owners to amend a declaration or bylaws to include the information
15 required by ORS 94.580 or 94.635.

16 (B) If there are no procedures for amendment in the governing documents:

17 (i) For an amendment to a recorded governing document other than bylaws, the owners may
18 amend the inconsistent provisions of the document to conform to this section and ORS 94.550, 94.590,
19 94.595 [(4) to (8)] **(6) to (10)**, 94.625, 94.630 (1), (3) and (4), 94.640, 94.645, 94.647, 94.650, 94.655, 94.657,
20 94.658, 94.660, 94.662, 94.665, 94.670, 94.675, 94.680, 94.690, 94.695, 94.704, 94.709, 94.712, 94.716,
21 94.719, 94.723, 94.728, 94.733, 94.770, 94.775, 94.777 and 94.780 by a vote of at least 75 percent of the
22 owners in the planned community.

23 (ii) For an amendment to the bylaws, the owners may amend the inconsistent provisions of the
24 bylaws to conform to this section and ORS 94.550, 94.590, 94.595 [(4) to (8)] **(6) to (10)**, 94.625, 94.630
25 (1), (3) and (4), 94.640, 94.645, 94.647, 94.650, 94.655, 94.657, 94.658, 94.660, 94.662, 94.665, 94.670,
26 94.675, 94.680, 94.690, 94.695, 94.704, 94.709, 94.712, 94.716, 94.719, 94.723, 94.728, 94.733, 94.770,
27 94.775, 94.777 and 94.780 by a vote of at least a majority of the owners in the planned community.

28 (iii) An amendment may be adopted at a meeting held in accordance with the governing docu-
29 ments or by another procedure permitted by the governing documents following the procedures
30 prescribed in ORS 94.647, 94.650 or 94.660.

31 (iv) An amendment to a recorded declaration shall be executed, certified and recorded as pro-
32 vided in ORS 94.590 (2) and (3) and shall be subject to ORS 94.590 (5). An amendment to the bylaws
33 and any other governing document shall be executed and certified as provided in ORS 94.590 (3) and
34 shall be recorded in the office of the recording officer of every county in which the planned com-
35 munity is located if the bylaws or other governing document to which the amendment relates were
36 recorded.

37 (C) An amendment adopted pursuant to this paragraph shall include:

38 (i) A reference to the recording index numbers and date of recording of the declaration or other
39 governing document, if recorded, to which the amendment relates; and

40 (ii) A statement that the amendment is adopted pursuant to the applicable subparagraph of this
41 paragraph.

42 (b)(A) If the governing documents do not provide for the formation of an association of owners,
43 at least 10 percent of the owners in the planned community or any governing entity may initiate the
44 formation of an association as provided in this paragraph. The owners or the governing entity ini-
45 tiating the association formation shall call an organizational meeting for the purpose of voting

- 1 whether to form an association described in ORS 94.625. The notice of the meeting shall:
- 2 (i) Name the initiating owners or governing entity;
- 3 (ii) State that the organizational meeting is for the purpose of voting whether to form an asso-
- 4 ciation in accordance with the proposed articles of incorporation;
- 5 (iii) State that if the owners vote to form an association, the owners may elect the initial board
- 6 of directors provided for in the articles of incorporation and may adopt the initial bylaws;
- 7 (iv) State that to form an association requires an affirmative vote of at least a majority of the
- 8 owners in the planned community, or, if a larger percentage is specified in the applicable governing
- 9 document, the larger percentage;
- 10 (v) State that to adopt articles of incorporation, to elect the initial board of directors pursuant
- 11 to the articles of incorporation or to adopt the initial bylaws requires an affirmative vote of at least
- 12 a majority of the owners present;
- 13 (vi) State that if the initial board of directors is not elected, an interim board of directors shall
- 14 be elected pursuant to bylaws adopted as provided in subparagraph (C) of this paragraph;
- 15 (vii) State that a copy of the proposed articles of incorporation and bylaws will be available at
- 16 least five business days before the meeting and state the method of requesting a copy; and
- 17 (viii) Be delivered in accordance with the declaration and bylaws. If there is no governing docu-
- 18 ment or the document does not include applicable provisions, the owners or governing entity shall
- 19 follow the procedures prescribed in ORS 94.650 (3).
- 20 (B) At least five business days before the organizational meeting, the initiating owners or gov-
- 21 erning entity shall cause articles of incorporation and bylaws to be drafted. The bylaws shall in-
- 22 clude, to the extent applicable, the information required by ORS 94.635.
- 23 (C) At the organizational meeting:
- 24 (i) Representatives of the initiating owners or governing entity shall, to the extent not incon-
- 25 sistent with the governing documents, conduct the meeting according to Robert's Rules of Order as
- 26 provided in ORS 94.657.
- 27 (ii) The initiating owners or governing entity shall make available copies of the proposed arti-
- 28 cles of incorporation and the proposed bylaws.
- 29 (iii) The affirmative vote of at least a majority of the owners of a planned community, or, if a
- 30 larger percentage is specified in the applicable governing document, the larger percentage, is re-
- 31 quired to form an association under this paragraph.
- 32 (iv) If the owners vote to form an association, the owners shall adopt articles of incorporation
- 33 and may elect the initial board of directors as provided in the articles of incorporation, adopt bylaws
- 34 and conduct any other authorized business by an affirmative vote of at least a majority of the
- 35 owners present. If the owners do not elect the initial board of directors, owners shall elect an in-
- 36 terim board of directors by an affirmative vote of at least a majority of the owners present to serve
- 37 until the initial board of directors is elected.
- 38 (v) An owner may vote by proxy, or by written ballot, if approved, in the discretion of a majority
- 39 of the initiating owners or governing entity.
- 40 (D) Not later than 10 business days after the organizational meeting, the board of directors
- 41 shall:
- 42 (i) Cause the articles of incorporation to be filed with the Secretary of State under ORS chapter
- 43 65;
- 44 (ii) Cause the notice of planned community described in subsection (4) of this section to be
- 45 prepared, executed and recorded in accordance with subsection (4) of this section;

- 1 (iii) Provide a copy of the notice of planned community to each owner, together with a copy of
2 the adopted articles of incorporation and bylaws, if any, or a statement of the procedure and method
3 for adoption of bylaws described in subparagraph (C) of this paragraph. The copies and any state-
4 ment shall be delivered to each lot, mailed to the mailing address of each lot or mailed to the
5 mailing addresses designated by the owners in writing; and
- 6 (iv) Cause a statement of association information to be prepared, executed and recorded in ac-
7 cordance with ORS 94.667.
- 8 (E) If the owners vote to form an association, all costs incurred under this paragraph, including
9 but not limited to the preparation and filing of the articles of incorporation, drafting of bylaws,
10 preparation of notice of meeting and the drafting, delivery and recording of all notices and state-
11 ments shall be a common expense of the owners and shall be allocated as provided in the appropri-
12 ate governing document or any amendment thereto.
- 13 (2)(a) The owners of lots in a Class I or Class II planned community that are subject to the
14 provisions of ORS chapter 94 specified in subsection (1) of this section may elect to be subject to
15 any other provisions of ORS 94.550 to 94.783 upon compliance with the procedures prescribed in
16 subsection (1) of this section.
- 17 (b) If the owners of lots in a Class I or Class II planned community elect to be subject to addi-
18 tional provisions of ORS 94.550 to 94.783, unless the notice of planned community otherwise required
19 or permitted under subsection (4) of this section includes a statement of the election pursuant to this
20 paragraph, the board of directors of the association shall cause the notice of planned community
21 described in subsection (4) of this section to be prepared, executed and recorded in accordance with
22 subsection (4) of this section.
- 23 (3)(a) The owners of lots in a Class III planned community created before January 1, 2002, may
24 elect to be subject to provisions of ORS 94.550 to 94.783 upon compliance with the applicable pro-
25 cedures in subsection (1) of this section.
- 26 (b) If the owners of lots in a Class III planned community elect to be subject to provisions of
27 ORS 94.550 to 94.783, the board of directors of the association shall cause the notice of planned
28 community described in subsection (4) of this section to be prepared, executed and recorded in ac-
29 cordance with subsection (4) of this section.
- 30 (4) The notice of planned community required or permitted by this section shall be:
- 31 (a) Titled "Notice of Planned Community under ORS 94.572";
- 32 (b) Executed by the president and secretary of the association; and
- 33 (c) Recorded in the office of the recording officer of every county in which the property is lo-
34 cated.
- 35 (5) The notice of planned community shall include:
- 36 (a) The name of the planned community and association as identified in the recorded declaration,
37 conditions, covenants and restrictions or other governing document and, if different, the current
38 name of the association;
- 39 (b) A list of the properties, described as required for recordation in ORS 93.600, within the ju-
40 risdiction of the association;
- 41 (c) Information identifying the recorded declaration, conditions, covenants and restrictions or
42 other governing documents and a reference to the recording index numbers and date of recording
43 of the governing documents;
- 44 (d) A statement that the property described in accordance with paragraph (b) of this subsection
45 is subject to specific provisions of the Oregon Planned Community Act;

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- 1 (e) A reference to the specific provisions of the Oregon Planned Community Act that apply to
2 the subject property and a reference to the subsection of this section under which the application
3 is made; and
- 4 (f) If an association is formed under subsection (1)(b)(A) of this section, a statement to that ef-
5 fect.
- 6 (6) An amended statement shall include a reference to the recording index numbers and the date
7 of recording of prior statements.
- 8 (7) The county clerk may charge a fee for recording a statement under this section according
9 to the provisions of ORS 205.320 (4).
- 10 (8) The board of directors of an association not otherwise required to cause a notice of planned
11 community described in subsection (4) of this section to be prepared and recorded under this section
12 may cause a notice of planned community to be prepared, executed and recorded as provided in
13 subsection (4) of this section.
- 14 (9) Title to a unit, lot or common property in a Class I or Class II planned community created
15 before January 1, 2002, may not be rendered unmarketable or otherwise affected by a failure of the
16 planned community to be in compliance with a requirement of this section.
- 17 (10) As used in this section:
- 18 (a) "Governing entity" means an incorporated or unincorporated association, committee, person
19 or any other entity that has authority, under a governing document, to maintain commonly main-
20 tained property, impose assessments on lots or to act on behalf of lot owners within the planned
21 community on matters of common concern.
- 22 (b) "Recorded declaration" means an instrument recorded with the county recording officer of
23 the county in which the planned community is located that contains conditions, covenants and re-
24 strictions binding lots in the planned community or imposes servitudes upon the real property.
- 25
-

Remaining Useful Life Analysis

Current Year **2012**

Year Constructed **1985**

CSI Division	Component Description	Condition	Installation Date (Year)	Expected Useful Life (Years)	Remaining Useful Life (Years)	Estimated Replacement Date	Included in Reserve Schedule?	Effective Age	Manufacturer's Information (YES/NO)
04 - Masonry									
042113	Brick Masonry Veneer	Good	1985	50	50	2035	NO	25	NO
05 - Metals									
051000	Metal Railings	Good	1985	50	23	2035	YES	27	NO
06 - Wood, Plastics, and Composites									
061533	Deck Railing Replacement/Improvements	Good	1985	28	1	2013	YES	27	NO
07 - Thermal and Moisture Protection									
070190	Caulking and Joint Sealant	Good	2009	8	5	2017	YES	3	NO
071400	Deck Coatings	Good	2005	15	8	2020	YES	7	NO
073113	Asphalt Shingles (Phased Replacement)	Good/Fair	Varies	25	Varies	2025-2029	YES	Varies	NO
074623	Wood Siding Repair Allowance	Good	2012	5	5	2017	YES	0	NO
076200	Metal Flashing & Trim (Phased Replacement)	Good	1985	40	13	2025	YES	27	NO
077123	Rain Gutters and Downspouts	Good	Varies	25	Varies	2025-2029	NO	Varies	NO
08 - Openings									
081100	Metal Doors and Frames	Good	1985	40	13	2025	YES	27	NO
082110	Wood Doors at Garages	Poor	1985	25	-2	2012	YES	27	NO
083613	Sectional Doors (Garage Doors)	Good/Fair	1985	35	8	2020	YES	27	NO
085113	Metal Windows	Good	1985	40	13	2025	YES	27	NO
085166	Window Screens	Good	2007	10	5	2039	NO	96	NO
09 - Finishes									
096816	Carpeting	Good/Fair	2011	15	14	2026	YES	1	NO
099113	Exterior Building Paint (Siding, Trim, & Railings)	Good	2008	8	4	2016	YES	4	NO
099123	Interior Paint Finishes	Good	2011	15	14	2026	YES	1	NO
10 - Specialties									
101419	Building Labeling Signage	Good	1985	27	0	2012	YES	27	NO
107400	Monument Sign	Good	1985	40	15	2025	NO	25	NO

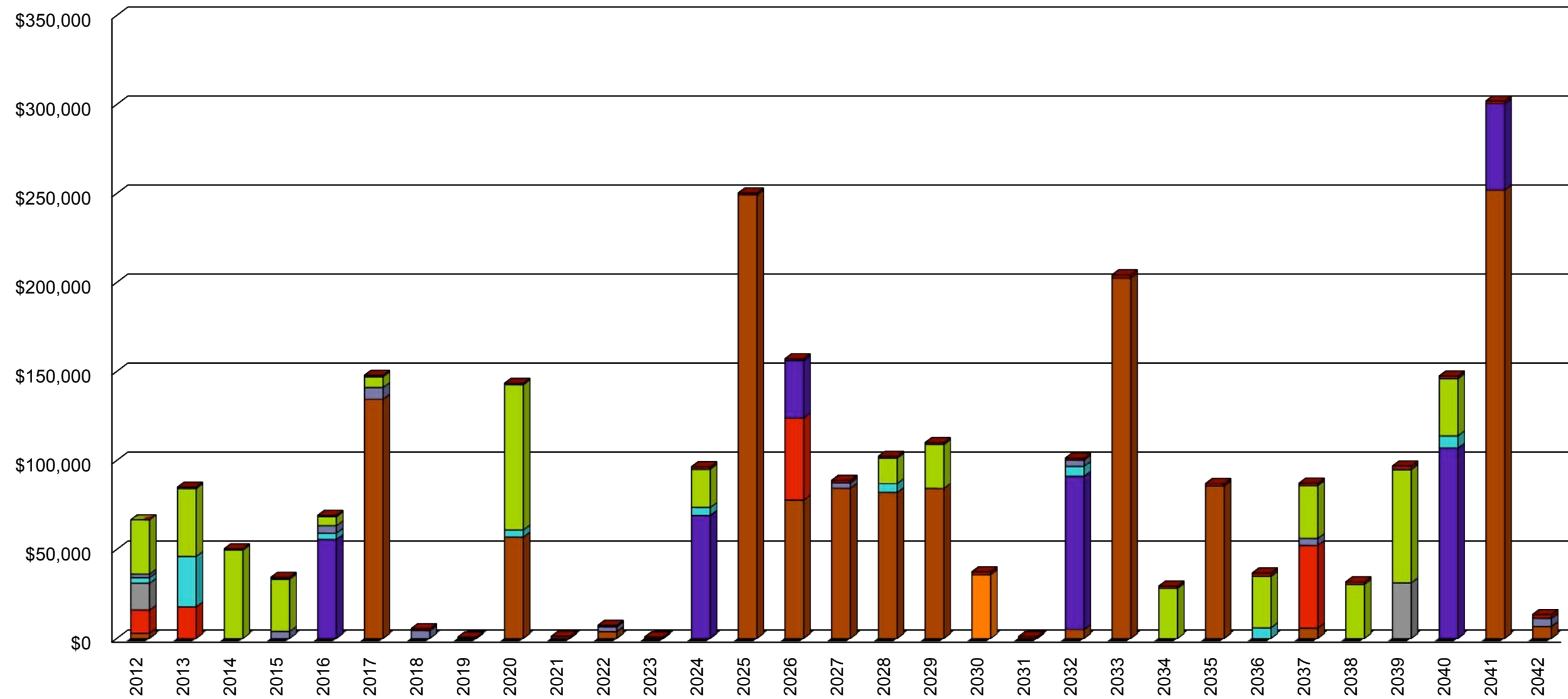
Remaining Useful Life Analysis

Current Year **2012**

Year Constructed **1985**

CSI Division	Component Description	Condition	Installation Date (Year)	Expected Useful Life (Years)	Remaining Useful Life (Years)	Estimated Replacement Date	Included in Reserve Schedule?	Effective Age	Manufacturer's Information (YES/NO)
22 - Plumbing									
225200	Fountain Improvements	Good	2001	12	1	2013	YES	11	NO
225216	Fountain Pumps/Filters	Good	2008	4	0	2012	YES	4	NO
26 - Electrical									
265100	Interior Lighting	Good	1985	30	3	2015	YES	27	NO
265600	Building Lighting	Good	Varies	20	Varies	As Needed	NO	Varries	NO
265613	Site Lighting / Parking (Repair Allowance)	Good	2007	5	0	2012	YES	5	NO
265626	Landscape Lighting	Good	1985	35	8	2020	YES	27	NO
32 - Exterior Improvements									
321216	Asphalt Paving Overlay	Good	1985	35	8	2020	YES	27	NO
321236	Asphalt Seal Coat	Good	2009	5	2	2014	YES	3	NO
321236	Asphalt Crack Seal	Good	2009	5	2	2014	YES	3	NO
321313	Sidewalk repair allowance	Good	1985	50	50	2012-2015	YES	0	NO
321613	Concrete Entry Porches	Fair	1985	27	0	2012	YES	27	NO
321613.16	Concrete Curbs	Good	1985	50	50	As Needed	YES	0	NO
321723	Parking Area Striping	Good	2009	5	2	2014	YES	3	NO
323129	Wood Fencing (Garbage Enclosures)	Good	1998	15	1	2013	YES	14	NO
328000	Irrigation Systems	Good	Varries	30	Varries	As Needed	NO	Varries	NO

Annual Expenditures



■ Metals
 ■ Thermal & Moisture Protection
 ■ Openings
 ■ Finishes
 ■ Specialties
 ■ Plumbing
 ■ Electrical
 ■ Exterior Improvements
 ■ Consultant Fees

Funding Statistics

Baseline Statement

Number of Residential Units	110
Fiscal Year End	December 31
Fiscal Year Begin	January 1
Current Reserve Allocation (Annually)	\$95,040
From client-provided budget dated September 2011	
Current Reserve Allocation (Monthly per Unit)	\$72.00
Starting Reserve Account Balance	\$439,440

The purpose of the Baseline Statement section is to identify conditions prior to preparing this reserve study. These statements set the baseline to compare new budgeting figures with existing budgeting figures and to calculate contribution increases or decreases.

Economic Variables

Projected Annual Inflation (%)	2.76%
Based on inflation history 2000-2010 by www.Inflationdata.com	
Reserve Account Interest Rate	0.50%
Estimated average interest rates	

The purpose of the Economic Variables section is to identify estimates of inflation and interest rates based on relative history of these figures. Inflation and interest rates are subject to change and may not reflect the actual future rates.

Recommended Reserve Contributions

Minimum Reserve Contribution (Annually)	\$72,000
Increase reserve contribution each year by current inflation rate. See the Funding Plan Summary for details	
Minimum Reserve Contribution (Monthly per Unit)	\$54.55

The purpose of the Recommended Reserve Contributions section is to summarize the focal points of the reserve schedule. This section identifies changes from previous reserve contributions. Calculations within this section are based on the reserve schedule.

Funding Plan Summary

Year #	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Year Date	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Ideal Reserve Account Balance	\$784,752	\$814,534	\$859,996	\$886,661	\$939,173	\$985,276	\$938,935	\$1,042,152	\$1,158,188	\$1,125,581	\$1,242,247	\$1,360,883	\$1,456,865	\$1,492,776	\$1,450,929	\$942,066
Actual Reserve Account Balance	\$508,942	\$516,813	\$484,234	\$487,662	\$508,644	\$522,330	\$459,220	\$541,119	\$630,543	\$579,492	\$673,583	\$764,452	\$864,970	\$872,604	\$728,475	\$680,078
Total Annual Deposit	\$72,000	\$73,987	\$76,029	\$78,128	\$80,284	\$82,500	\$84,777	\$87,117	\$89,521	\$91,992	\$94,531	\$97,140	\$99,821	\$102,576	\$105,407	\$108,316
Expenditures	\$66,700	\$108,975	\$75,028	\$59,676	\$69,197	\$147,895	\$5,569	\$830	\$143,455	\$1,252	\$7,465	\$926	\$96,528	\$250,329	\$157,187	\$88,916
Percent Funded	66%	59%	57%	57%	56%	47%	58%	61%	50%	60%	62%	64%	60%	49%	47%	75%

Year #	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Year Date	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Ideal Reserve Account Balance	\$1,058,467	\$1,168,184	\$853,487	\$949,371	\$938,051	\$967,460	\$904,454	\$1,022,758	\$1,066,308	\$937,790	\$1,082,481	\$1,233,845	\$1,338,055	\$1,397,888	\$950,922
Actual Reserve Account Balance	\$702,976	\$715,424	\$723,281	\$807,319	\$931,582	\$959,068	\$886,638	\$993,159	\$1,045,946	\$1,153,209	\$1,214,187	\$1,335,129	\$1,395,280	\$1,409,100	\$1,271,952
Total Annual Deposit	\$111,306	\$114,378	\$117,535	\$120,779	\$124,112	\$127,538	\$131,058	\$134,675	\$138,392	\$142,212	\$146,137	\$150,170	\$154,315	\$158,574	\$162,950
Expenditures	\$102,417	\$110,119	\$37,513	\$1,151	\$101,397	\$204,379	\$29,478	\$87,092	\$36,866	\$87,274	\$31,837	\$96,961	\$147,504	\$302,050	\$13,534
Percent Funded	68%	62%	95%	98%	102%	92%	110%	102%	108%	129%	123%	113%	105%	91%	150%

Current Reserve Fund Status

The reserve account balance is currently in a **Fair** financial position; however, with a slight increase in contributions, the reserve account will quickly recover.

Measure of Strength for Reserve Funding Plan

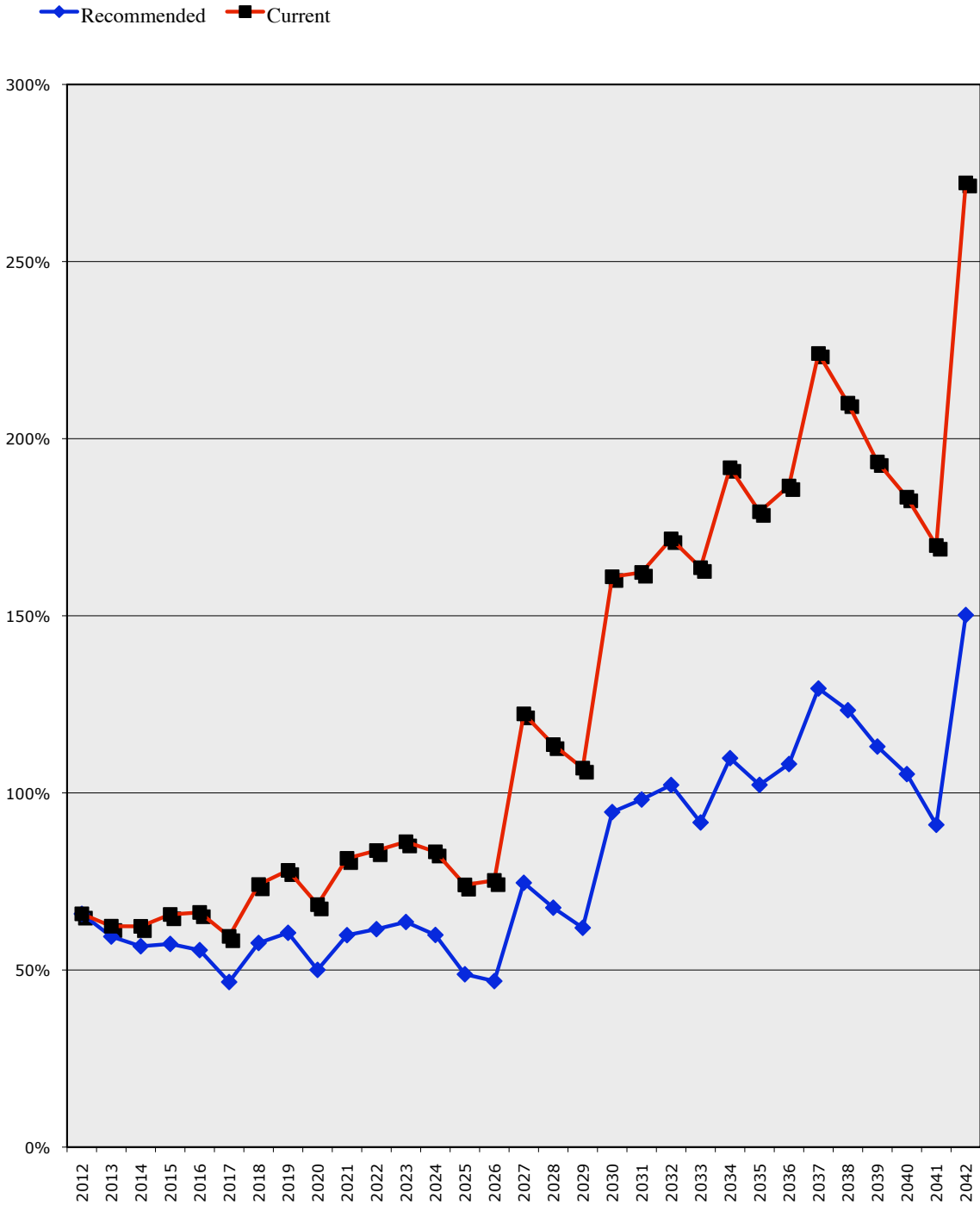
0% - 30% Funded is a weak financial position. Reserve accounts which fall into this category are subject to special assessment charges and deferred maintenance which may harm the property value and building performance. If the reserve account is in this position, immediate action should be taken to improve the reserve account balance.

31% - 69% Funded is a fair financial position. The majority of reserve accounts are within this range. Special assessments probably won't occur in this position; however, improvements should be made to the reserve account to stabilize the balance.

70% - 99% Funded is a strong financial position. This position indicates a near-adequate reserve account balance and special assessments are likely to be omitted in this category. Efforts should be taken to maintain this level of status of the reserve account.

100% or more Funded is an ideal financial position. This means the reserve account is equal to, or exceeds, the amount of money needed to maintain the development. A 100% or more funding status does not necessarily indicate halting reserve contributions. This funding status indicates the reserve account balance is adequate, as intended.

Percent Funded



Terms and Definitions

The following list of terms and definitions is based on the standards set fourth by Community Associations Institute (CAI). Not all of these terms and definitions may be utilized within this reserve study report; however, some may be used in the process of collecting information, calculating the financial and physical analysis, or reviewing the reserve study with consultants.

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 form the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

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

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

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

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

CURRENT REPLACEMENT COST: See “Replacement Cost.”

DEFICIT: An actual (or projected) Reserve Balance less then 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 the 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 the 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, and then summed together for an association total.

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 the particular year.

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

RESERVE PROVIDER: An individual that prepares Reserve Studies.

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

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he/she is 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 subordinate 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 Full 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.