

Association Reserves, Inc.

- ◆ In business since 1986
- ◆ Specific, tailored product
- ◆ Serve common interest real estate developments worldwide
- ◆ Industry leaders in volume and experience
- ◆ www.reservestudy.com

What is a Reserve Study?

- ◆ Required by CA Civil Code every 3 years
- ◆ Analysis of association's financial health with regard to long-term capital planning



Physical and Financial Analysis



- ◆ On-site inspection
 - Pictures, measurements
 - Conditions, problems
- ◆ Research and inventory data input

What is included in the study?

- ◆ Projects/components included based on National Standard 4-part test:
 - Must be common area
 - Well-defined limited useful life (UL)
 - Predictable remaining useful life (RUL)
 - Above a threshold cost

Costs and Lifetimes

- ◆ Determined by:
 - Client's history
 - Vendor estimates or recommendations
 - ARI Pricing Guide (25 years of compiled data)



Outcomes

- ◆ Percent-funded: summary of association's financial health
- ◆ Recommendations for monthly contributions and special assessments
- ◆ Useful schedule for planning future projects
- ◆ Identification of potential problems and opportunities for preventive maintenance

Importance of Reserve Study

- ◆ Legal requirement
- ◆ Know where you stand
- ◆ Prevent surprises and shortcomings
- ◆ Maintain property values
- ◆ Healthy Reserve account is a cushion against the unexpected



Village Green O.A.



- ◆ Reserve Study History
 - 1990, 1995, 2007, 2008, 2009, 2010, 2011
- ◆ Most recent site inspection
 - May 29, 2009

First Impressions

- Historic, unique development
- Knowledgeable on-site (former) manager
- Major infrastructure replacements/repairs
 - ◆ Recommendations based mostly on 10-year budget plan assembled by VGOA
- Decision-making handicapped by lack of funds

Key Projects – Common Areas

- | | |
|----------------------------------|-----------------------|
| ◆ "One-time" | ◆ Repeating/Cyclical |
| ■ Concrete walkway repairs | ■ Asphalt maintenance |
| ■ Irrigation System | ■ Clubhouse interiors |
| ■ Well refurbishment allocations | ■ Utility vehicles |
| ■ Plumbing and sewers | ■ Pole lights |
| ■ Electrical wiring | ■ Well maintenance |

Key Projects – Residential

◆ “One-time”

- Concrete repairs
- Brick serpentine wall repairs
- Plumbing
- Electrical
- Soil subsidence

◆ Repeating/Cyclical

- Exterior painting
- Roofing

Key Projects – Garage Courts

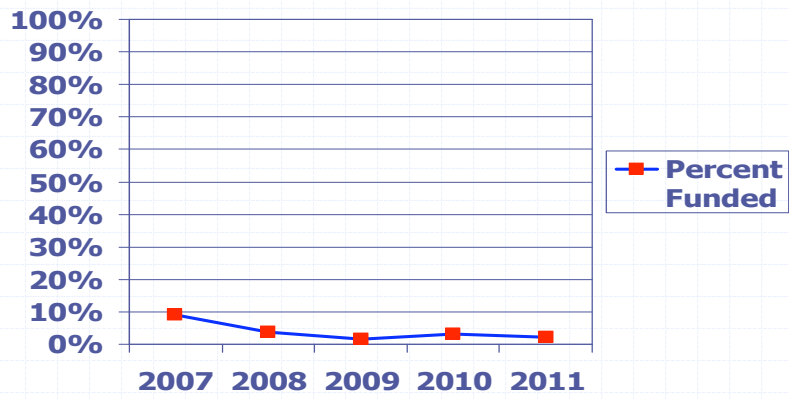
◆ “One-time”

- Plumbing and sewers
- Electrical wiring

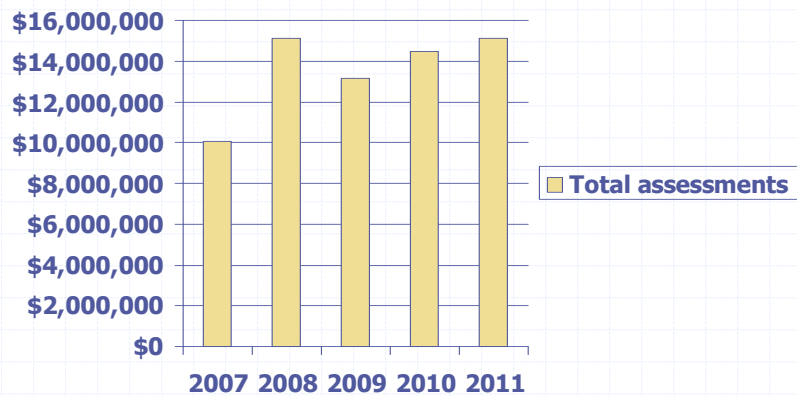
◆ Repeating/Cyclical

- Asphalt maintenance
- Exterior painting
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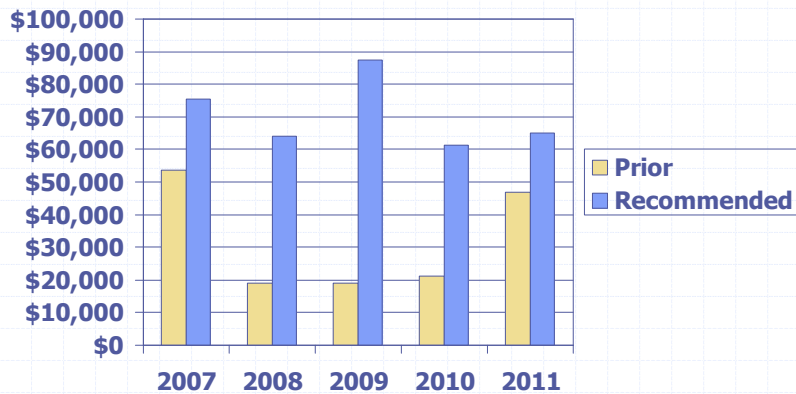
Recent Financial History



Special Assessment Recommendations

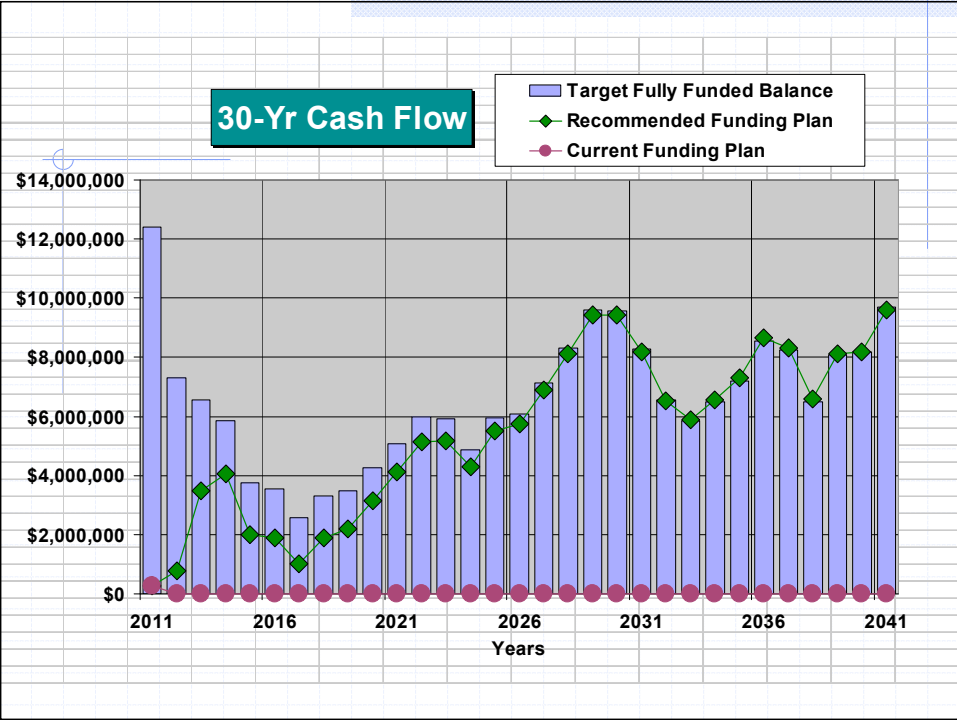
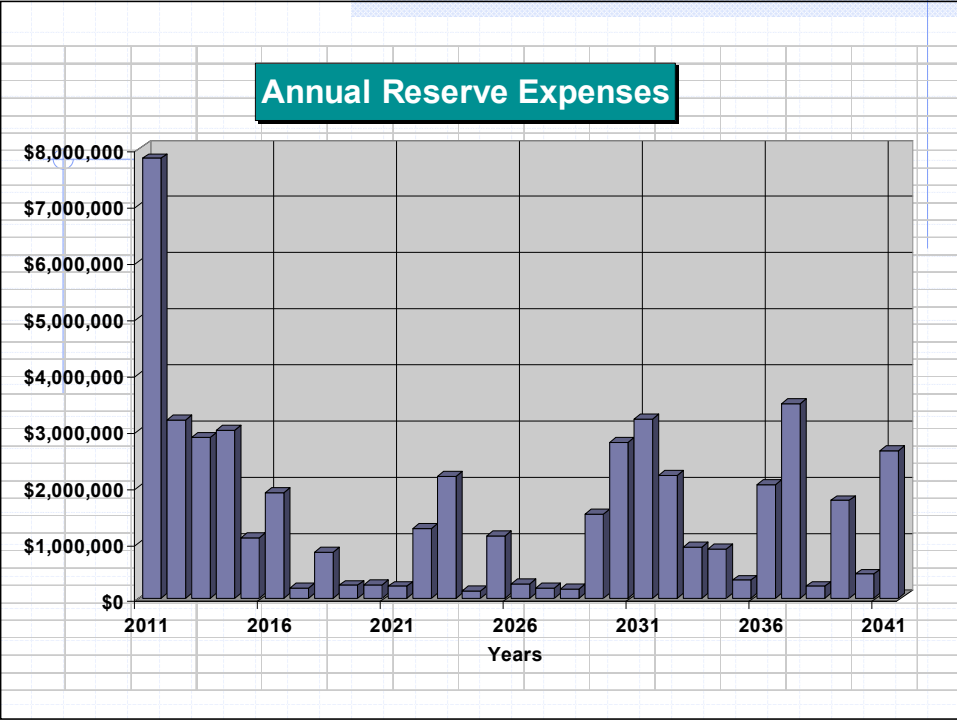


Monthly Contribution Recommendations



2011 FY-Results/Recommendations

- ◆ Percent funded: 2.3%
- ◆ Recommended Monthly Reserve Contribution: \$65,000/month
 - Currently \$46,855/month
 - Annual increases of 5% for 8 years, then 2%
- ◆ Special assessments:
 - 2011: \$7,548,000 (\$12,000/unit)
 - 2012: \$5,032,000 (\$8,000/unit)
 - 2013: \$2,516,000 (\$4,000/unit)



Final Impressions

- ◆ Major changes needed ASAP
- ◆ Impending projects are critical and should not be deferred any longer
- ◆ Expenses will not disappear...only change forms
 - Monthly contributions
 - Special assessments
 - Bank loan
 - Declining property values

Unique Opportunity...





Thank You