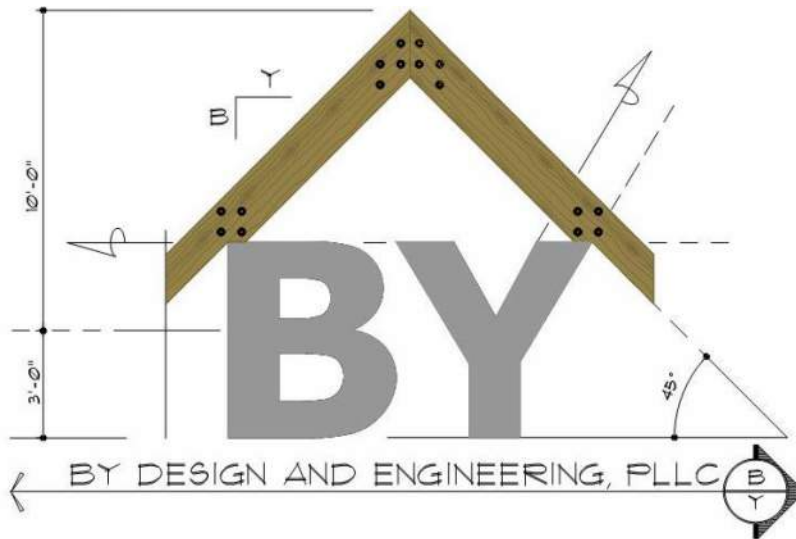




394 West 990 North
American Fork, UT 84003
(801) 654-2297

Property Report

For

**Alta Commercial Development LLC
Brooke Hintze**

Property Report

9272 S 700 E, Sandy, UT 84070



Date: November 11, 2024

IMPORTANT

BY Design & Engineering, PLLC has authorized this copy only if the seal is in **red or black** ink and the signature is in **colored** ink.

**24046
REB**

PROJECT INFORMATION

Client Name: **Alta Commercial Development LLC
Brooke Hintze**

Project Name: **Property Report**

Project Location: **9272 S 700 E, Sandy, UT 84070**

Site Location

Latitude

40.582934°

Longitude

-111.873211°

Soil Properties

Unified Soil Classification

CL - CLAY

Bearing Capacity

1500 PSF (IBC TABLE 1804.2)

Snow Load

Ground Snow Load

33 PSF

Roof Snow Load

21 PSF

Wind Design

Basic Wind Speed

103 VMPH

Converted Wind Speed

80 VMPH (IBC 1609.3.1)

Seismic Design

Base Shear

18.65%

Design Category

D

- See Figures 1 through 6

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EXECUTIVE SUMMARY

The existing building is in good operational condition and is currently used by tenants. These and other future tenants will continue to enjoy the building as it operates presently.

AUTHORIZATION

We were authorized to make a site observation and write this report on September 23, 2024, by:

Brooke Hintze

Alta Commercial Development

746 E Winchester Street, Suite G20

Murray, Utah 84107

(801) 860-1515

Brook@altacommercial.com

We made our site observation the following Thursday, September 25, 2024. Please see Figure 1.

PURPOSE AND SCOPE OF INVESTIGATION

We have been asked to do the site observation and provide a property report addressing items required by Sandy City. The intent of the change, thus requiring this report, is to change from a one-tenant owner to ownership that will sublease portions of the structure as coworking areas.

FIELD INVESTIGATION FINDINGS (OVERALL CONDITION)

1. The building was built in 2000, according to the [Salt Lake County Assessor](#).
2. The structural elements, which include the roof deck, open web roof trusses, open web floor trusses, and columns, are in good condition, as is expected for a building of this age. The foundation could not be observed as it is buried beneath the existing structure. However, the condition of the foundation system is not expected to be damaged or in need of repairs. See Figures 7 through 11.
3. The roofing membrane is in good condition, with only minor water ponding areas. The seams appear sealed and flashing around mechanical unit curbs and vents, are in good condition. The roof drains remove the water as needed; see Figures 26 through 30.
4. Mechanical systems such as HVAC units and duct work appear to be in good condition from an exterior view. These units have gas lines running to each unit on the roof, so we assume the units provide both heating and cooling. We suggest an HVAC technician investigate the current status of all units and ductwork for conditions that need attention, as this is beyond the scope of our expertise; see Figures 8, 9, 11, 14, 17, 24, 25 & 28.
5. Electrical systems, including conduits that could be viewed, appear to be in good condition from an exterior view. We suggest a licensed electrician investigate the current status of all

conduits, switches, lights, power outlets and breaker boxes for conditions that need attention, as this is beyond the scope of our expertise. Our only observation that brings anything into question is the condition of the power transformer outside the building. It shows weathering and rust damage on the exterior; only the power supply company with access can determine the existing condition if any repairs or maintenance is needed; see Figures 9, 15, 16 & 23.

6. Plumbing systems, including roof drainage piping that could be viewed, appear to be in good condition from an exterior view. We could not find any excessive problems with water supply fixtures. The toilets and other drains are working as expected. We suggest a licensed plumber investigate the current status of all fixtures, toilets, and other water sources to be examined for leaks or conditions that need attention, as this is beyond the scope of our expertise; see Figures 10, 13, 15 & 27.
7. Networking systems are provided by cables pulling through the roof and floor framing systems. Much of this wiring is not contained in any conduit but hung by zip ties or across the ceiling tiles. We suggest that an IT professional investigate the current status of all wiring and connection boxes for conditions that need attention, as this is beyond the scope of our expertise. See Figure 15.
8. We understand there is a single 6" diameter sewer lateral that runs to the north of the building. The information was obtained by Brooke Hintze on October 2, 2024, from Sandy Suburban Improvement District.
9. Water is supplied via a 2" diameter pipe. This information was obtained by Brooke Hintze on October 2, 2024, from Sandy City Public Utilities.
10. There are no private streets involved in this project. There is only direct access to the property from the north off of Rose Cottage Lane and from the East off of 700 East; see Figure 1.
11. The parking lot shows extensive cracking that has been addressed using a crack sealing material, and a slurry seal-type coating has been applied in the past. The sidewalks, curbs, and approaches on the premises are in good working order, as are those around the property's perimeter, see Figures 1 & 35.
12. The exterior of much of the building is tilt-up concrete panels, which show almost no conditional deficiencies. The north is mainly glass, showing little if any, condition issues. We did, however, find where windows have been cut into the concrete panels on the south side, and there is some chipping of the concrete at the window saw cuts. There are also penetrations through the east parapet that need repairs; see Figures 20, 21 & 31.
13. We expect the structure to continue supporting the current loadings as required by ASCE 7-16 and the 2021 version of the International Building Code. The building has been designed to conform to the 2000 version of the International Building Code for egress and other architectural requirements. We expect the continued operation of the building to continue to conform with those requirements. Suppose any other modifications are made to the building at

any future time. In that case, we expect they will be done following the current version of the International Building Code in effect at the time of construction.

CONCLUSIONS

The existing building is in good operational condition and is currently used by tenants. These and other future tenants will continue to enjoy that building as it operates presently but under new ownership and modified coworking-type lease agreements.

RECOMMENDATIONS

We see possible repairs or maintenance in the next 5 years.

1. Parking lot crack sealing and resurfacing.
2. Patching of the exterior concrete panels at the south windows to prevent water intrusion into the panels and rusting the reinforcement.
3. Concrete patching of the holes in the east parapet where a previous sign appears to have been mounted to prevent water intrusion into the panels and rusting the reinforcement
4. We recommend removing unused satellite dishes and CMU blocks from the roof.

LIMITATIONS

BY Design and Engineering PLLC observations at the site were limited to visual observations of the structure's interior and exterior. Only those items readily visible and accessible at the time of the evaluation were viewed, and any items causing visual obstruction, including, but not limited to, furniture, furnishings, floor or wall coverings, foliage, soil, appliances, insulation, etc., were not moved. No interior building finishes were disturbed during site visits. In addition, no structural information in the form of structural drawings was available. We have commented on the general condition of systems contained herein but would defer to specialized professionals. Plumbing, electrical, mechanical, and IT systems are outside our expertise.

Material testing and physical samples were not taken, and our observations may not indicate all problems found within the structure or observed. The basis of our opinions will be the apparent performance of that portion of the building, which was readily visible at the time of the evaluation. Disassembly or removal of any portion of the structure is beyond the scope of this evaluation. We make no representation regarding the condition of this property other than as contained in this written report. There is no warranty or guarantee, neither expressed nor implied, regarding the future performance, life, insurability, merchantability, workmanship, or need for repair of any item assessed.

FIGURES AND PHOTOGRAPHS

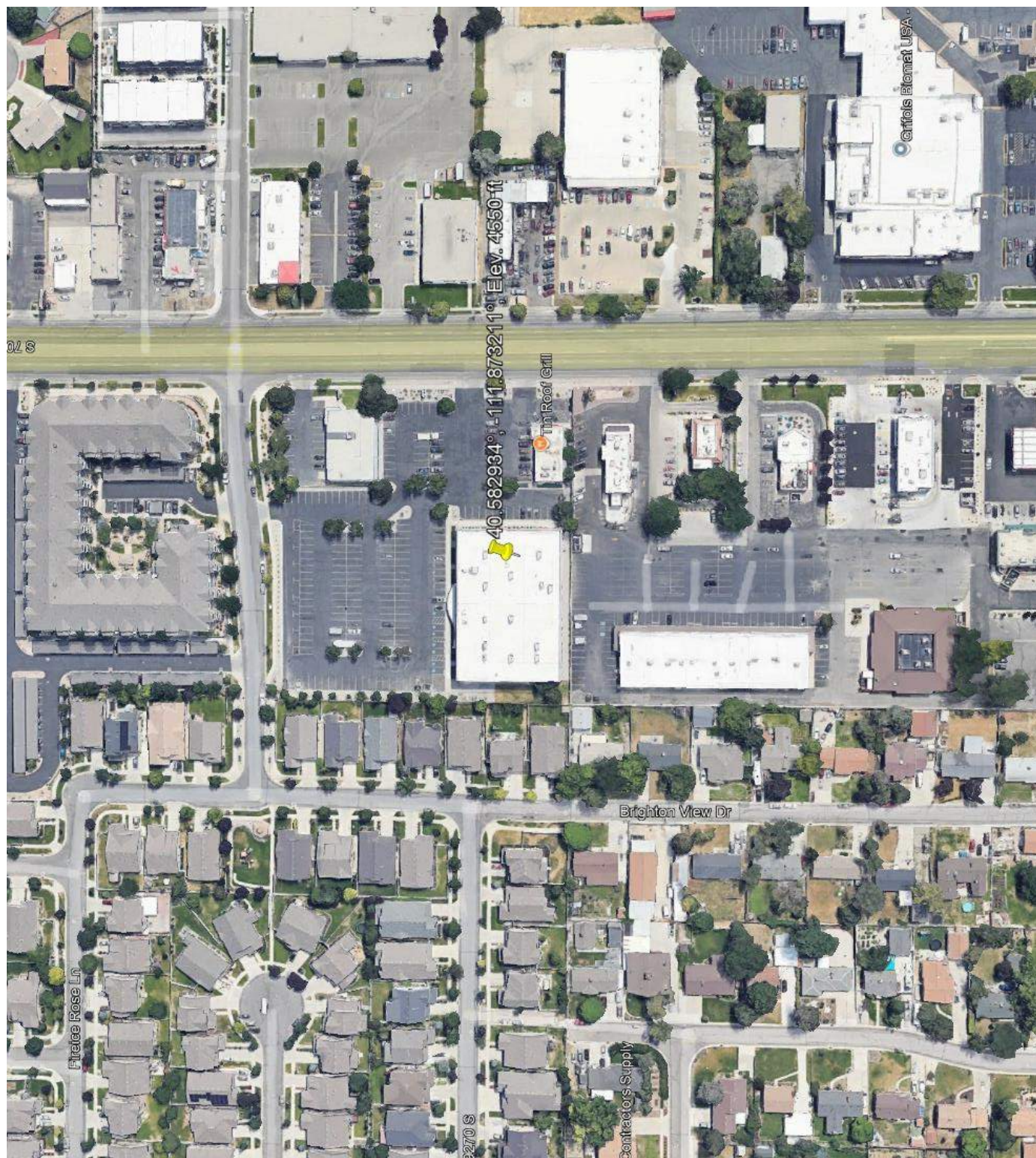


FIGURE 1 - PROJECT LOCATION

Report—Engineering Properties

Absence of an entry indicates that the data were not estimated. The asterisk "*" denotes the representative texture; other possible textures follow the dash. The criteria for determining the hydrologic soil group for individual soil components is found in the National Engineering Handbook, Chapter 7 issued May 2007 (<http://directives.sc.egov.usda.gov/>) OpenNonWebContent.aspx?content=17757.wba). Three values are provided to identify the expected Low (L), Representative Value (R), and High (H).

Engineering Properties—Salt Lake Area, Utah														
Map unit symbol and soil name	Pct. of map unit	Hydrologic group	Depth	USDA texture	Classification		Pct Fragments		Percentage passing sieve number—				Liquid limit	Plasticity index
					Unified	AASHTO	>10 inches	3-10 inches	4	10	40	200		
			<i>In</i>				<i>L-R-H</i>	<i>L-R-H</i>	<i>L-R-H</i>	<i>L-R-H</i>	<i>L-R-H</i>	<i>L-R-H</i>	<i>L-R-H</i>	
PeA—Parleys silt loam, 0 to 3 percent slopes														
Parleys	90 C		0-7	Silt loam	CL	A-6	0-0-0	0-0-0	95-98-100	90-95-100	80-88-95	65-78-90	25-30-35	10-13-15
			7-17	Silty clay loam	CL	A-6, A-7	0-0-0	0-0-0	95-98-100	90-95-100	85-93-100	75-85-95	35-40-45	15-18-20
			17-29	Silty clay loam, silt loam	CL	A-6, A-7	0-0-0	0-0-0	95-98-100	90-95-100	80-90-100	65-80-95	35-40-45	15-18-20
			29-36	Loam, silty clay loam	CL	A-6	0-0-0	0-0-0	90-95-100	85-93-100	75-88-100	50-73-95	30-35-40	10-15-20
			36-46	Loam, silty clay loam	CL	A-6	0-0-0	0-0-0	90-95-100	85-93-100	75-88-100	50-73-95	30-35-40	10-15-20
			46-60	Silty clay loam	CL	A-6, A-7	0-0-0	0-0-0	85-93-100	80-90-100	70-85-100	65-80-95	35-40-45	15-18-20

Data Source Information

Soil Survey Area: Salt Lake Area, Utah
Survey Area Data: Version 16, Sep 8, 2023

FIGURE 2 - SOIL PROPERTIES

Utah Ground Snow Load Map

Commons Condominiums



Latitude: 40.583

Longitude: -111.873

Elevation: 4,510 ft

Ground Snow Load:

33 psf / 1.57 kPa

FIGURE 3 - GROUND SNOW LOAD FOR DESIGN

Roof Snow Load from Ground Snow Load Conversion

Snow Input

Risk Category

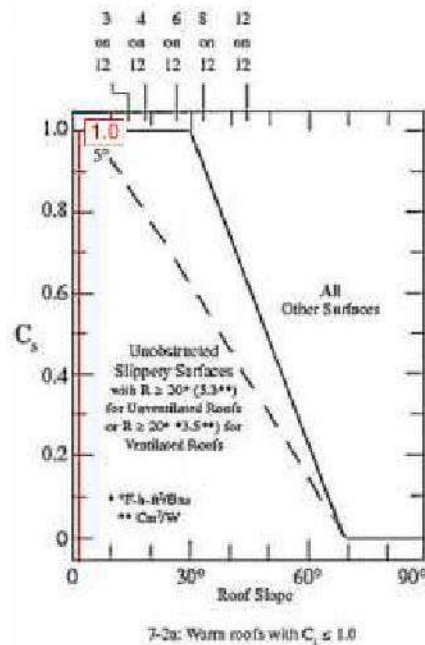
RC := II

Roof Slope

rise := 0.25 over run := 12

Ground Snow Load

$P_g := 33 \cdot \text{psf}$



Slope_Angle = 1.193 degrees

Table 7.3-1 Exposure Factor, C_e

Surface Roughness Category	Exposure of Roof ^a		
	Fully Exposed	Partially Exposed	Sheltered
B (see Section 26.7)	0.9	1.0	1.2
C (see Section 26.7)	0.9	1.0	1.1
D (see Section 26.7)	0.8	0.9	1.0
Above the tree line in windswept mountainous areas	0.7	0.8	NA
In Alaska, in areas where trees do not exist within a 2-mi (3-km) radius of the site	0.7	0.8	NA

Table 7.3-2 Thermal Factor, C_t

Thermal Condition ^a	C_t
All structures except as indicated below	1.0
Structures kept just above freezing and others with cold, ventilated roofs in which the thermal resistance (R-value) between the ventilated space and the heated space exceeds $25^\circ\text{F} \times h \times \text{ft}^2/\text{Btu}$ ($4.4 \text{ K} \times \text{m}^2/\text{W}$)	1.1
Unheated and open air structures	1.2
Freezer building	1.3
Continuously heated greenhouses ^b with a roof having a thermal resistance (R-value) less than $2.0^\circ\text{F} \times h \times \text{ft}^2/\text{Btu}$ ($0.4 \text{ K} \times \text{m}^2/\text{W}$)	0.85

$C_e := 0.9$

Exposure Factor ASCE 7, Chapter 7, Table 7.3-1.

$C_t := 1.0$

Thermal Factor, ASCE 7, Chapter 7, Table 7.3-2.

$I_s = 1$

Importance Factors by Risk Category of Buildings and Other Structures for Snow, Ice, and Earthquake Loads, ASCE 7, Chapter 1, Table 1.5-2

$C_s := 0.77$

ASCE 7, chapter 7, Figure 7-2a

$P_f := 0.7 C_e \cdot C_t \cdot I_s \cdot P_g$

$P_f = 21 \cdot \text{psf}$

ASCE 7, Chapter 7, Equation 7.3-1 for flat roofs

$P_s := C_s \cdot P_f$

$P_s = 16 \cdot \text{psf}$

ASCE 7, Chapter 7, Equation 7.4-1 for sloped roofs

FIGURE 4 - ROOF SNOW LOAD CALCULATION

REPORT SUMMARY



Wind

Wind Speed	103 Vmph
10-year MRI	73 Vmph
25-year MRI	79 Vmph
50-year MRI	84 Vmph
100-year MRI	89 Vmph

Seismic

S_S	1.399
S_1	0.499
F_a	N/A
F_v	N/A
S_{MS}	N/A
S_{MT}	N/A
S_{DS}	N/A
S_{D1}	N/A
T_L	8
PGA	0.627
PGA_M	0.69
F_{PGA}	1.1
I_e	1
C_v	N/A
NO SEISMIC SPECTRUM	Design and MCE_R spectrum data not available for this location
Note	Ground motion hazard analysis may be required. See ASCE/SEI 7-16 Section 11.4.8.

FIGURE 5 - WIND AND SEISMIC DESIGN PARAMETERS

LATERAL DESIGN INPUT VARIABLES & SEISMIC BASE SHEAR CALCULATION

$I_E := 1.0$	building importance factor, ASCE 7, Table 11.5-1
$R := 6.5$	lateral force resisting system coefficient, ASCE 7, Table 12.2-1
$C_t := 0.02$	period parameters, ASCE 7 Table 12.8-2
$n := 0.75$	period parameters, ASCE 7 Table 12.8-2
$h := 26 \text{ ft}$	$T := C_t \cdot h^n \quad T = 0.23 \quad \text{ASCE 7, eq'n 12.8-7A}$

$$S_{DS} := 1.119 \text{ g} \quad S_1 := 0.499 \text{ g}$$

$$C_S := \frac{S_{DS}}{\frac{R}{I_E}} \quad C_{S_{\min}} := 0.044 \cdot S_{DS} \cdot I_E \quad C_{S_{EF}} := \frac{0.5 \cdot S_1}{\frac{R}{I_E}}$$

$$C_S = 0.1722 \quad C_{S_{\min}} = 0.0492 \quad C_{S_{EF}} = 0.0384$$

$$C_S = 17.215\% \quad \text{Design Base Shear}$$

FIGURE 6 - SEISMIC DESIGN BASE SHEAR



FIGURE 7 - ROOF FRAMING

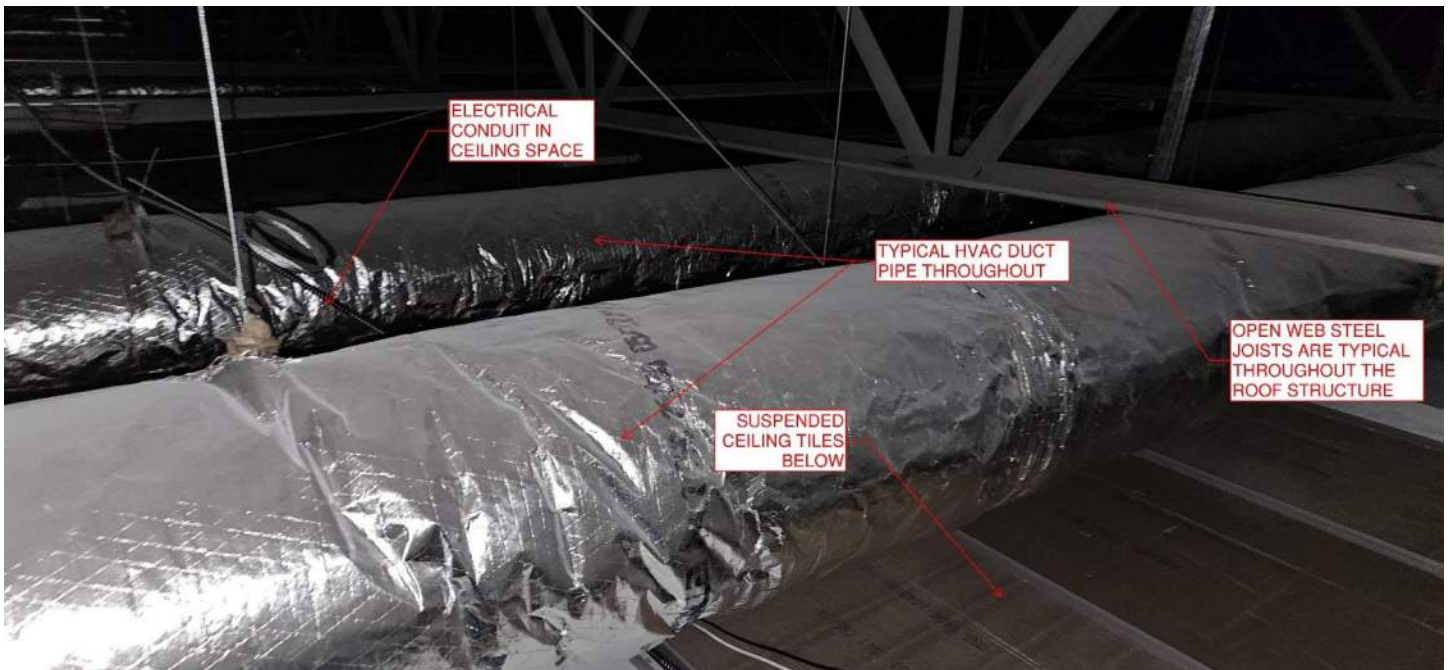


FIGURE 8 - UPPER FLOOR CEILING SPACE

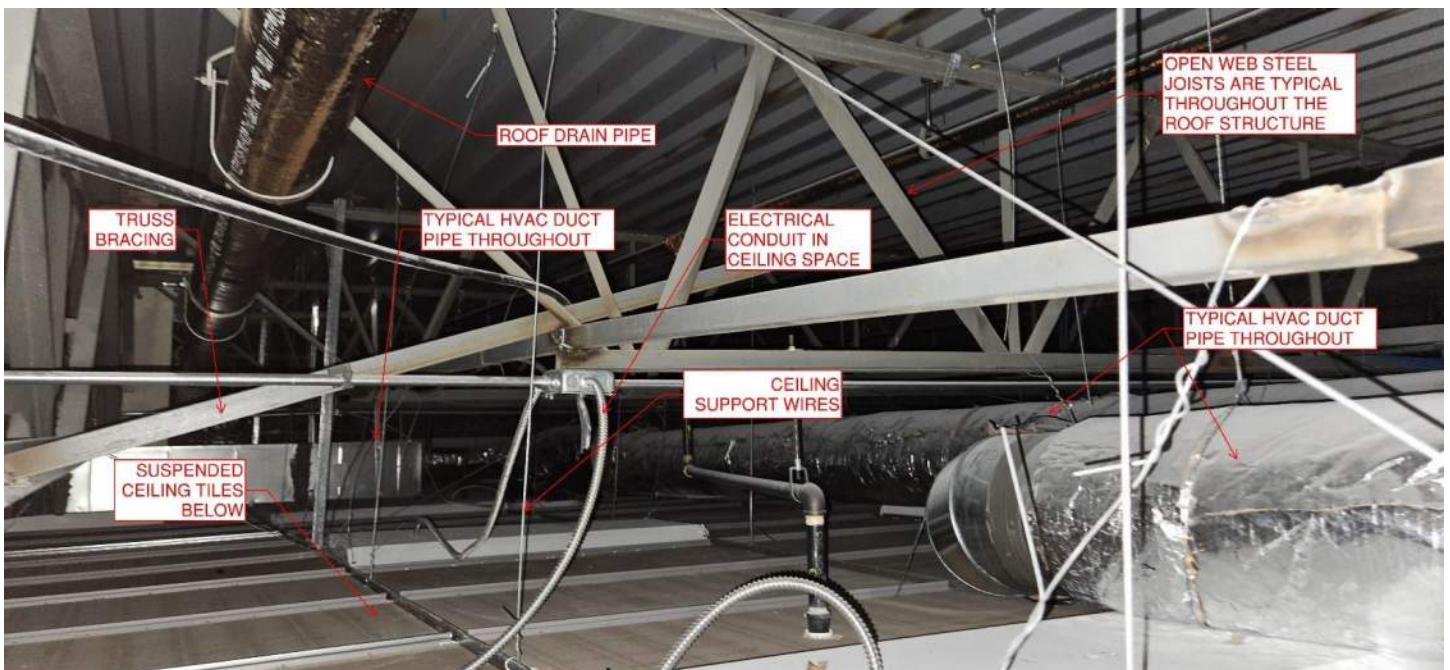


FIGURE 9 - UPPER FLOOR CEILING SPACE

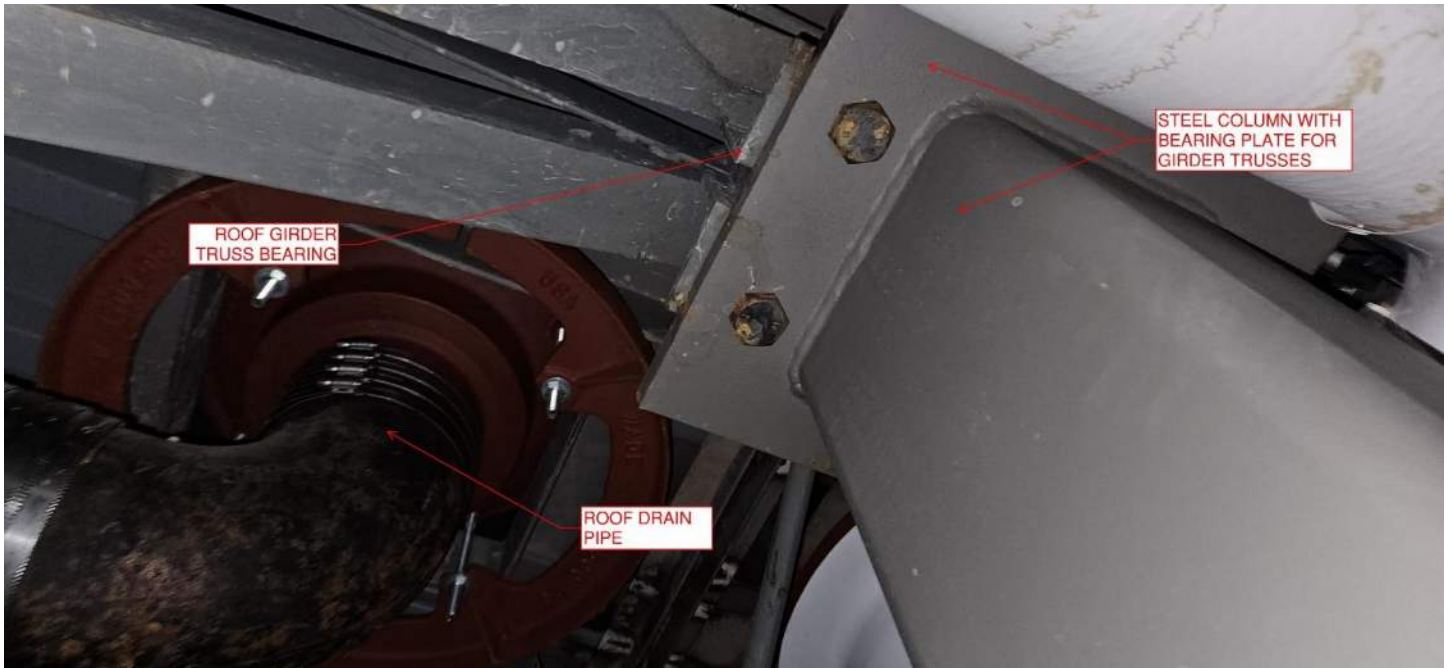


FIGURE 10 - GIRDER TO COLUMN CONNECTION

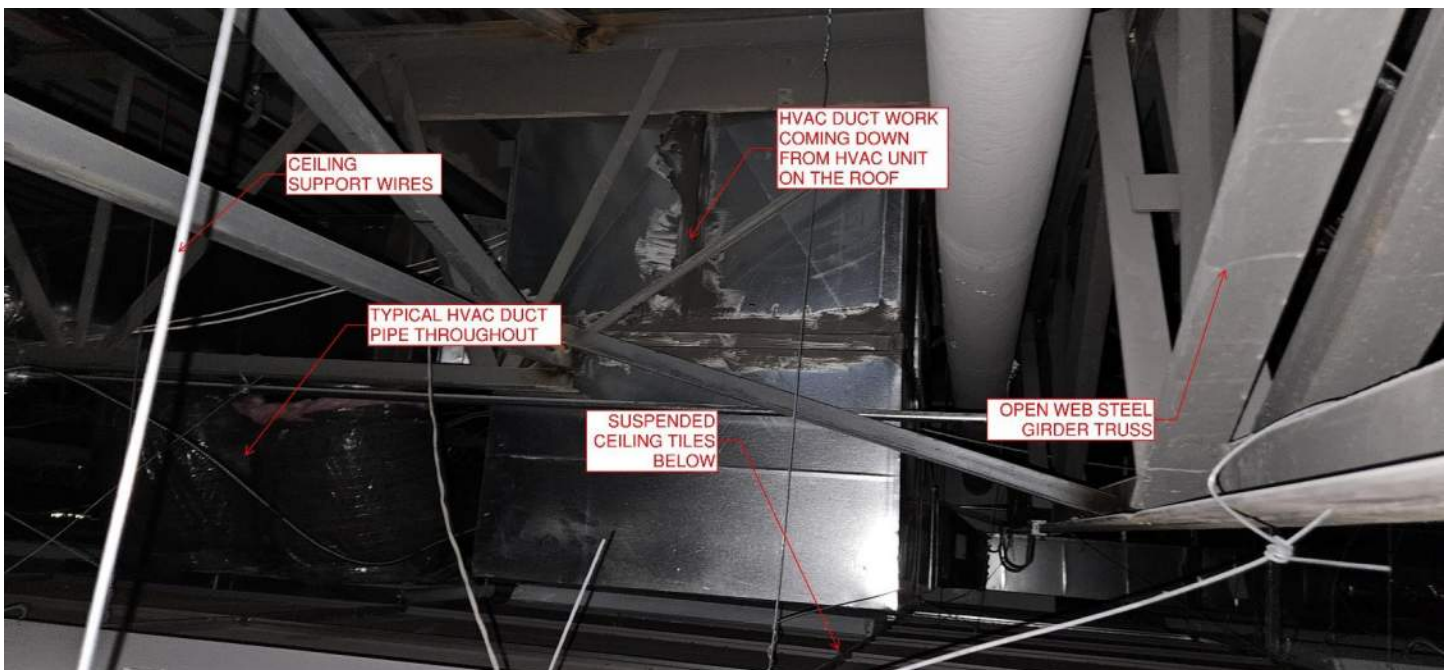


FIGURE 11 - HVAC DUCTWORK BELOW MECHANICAL UNIT ABOVE



FIGURE 12 - TYPICAL STAIR CORRIDOR DOWN TO THE MAIN LEVEL

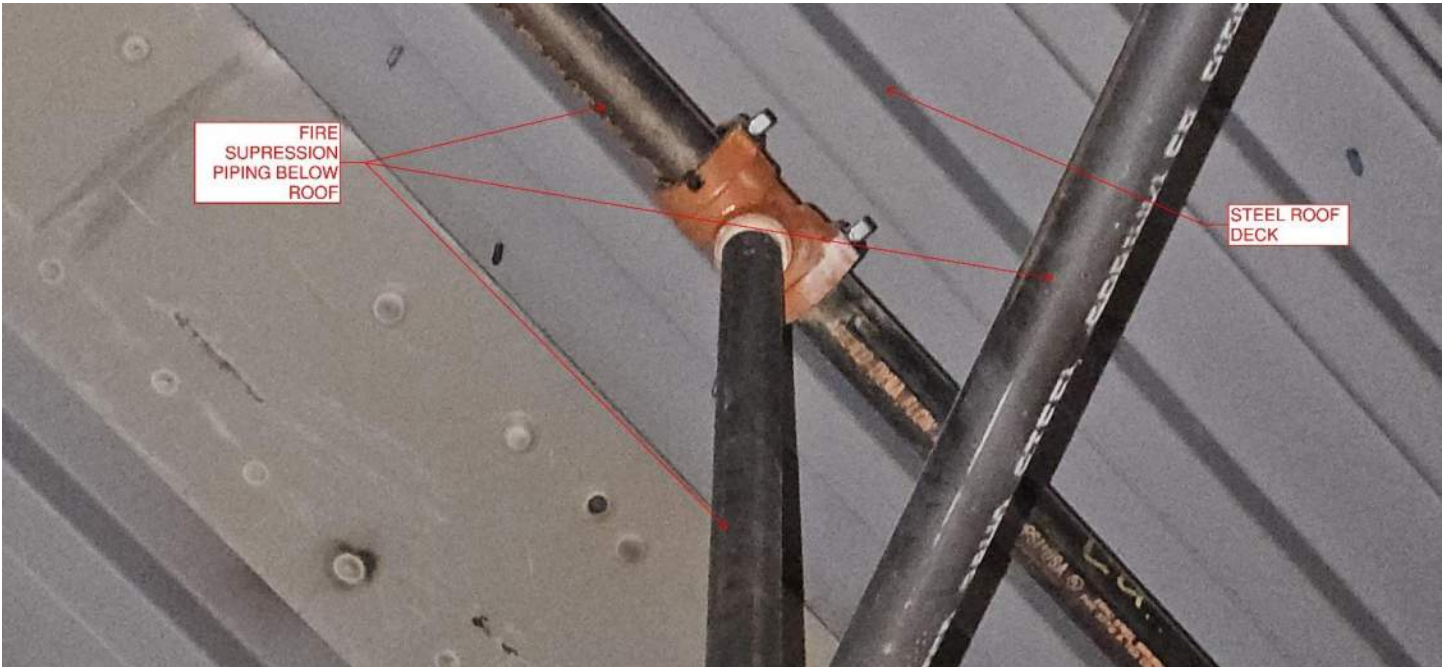


FIGURE 13 - FIRE SUPPRESSION PIPING

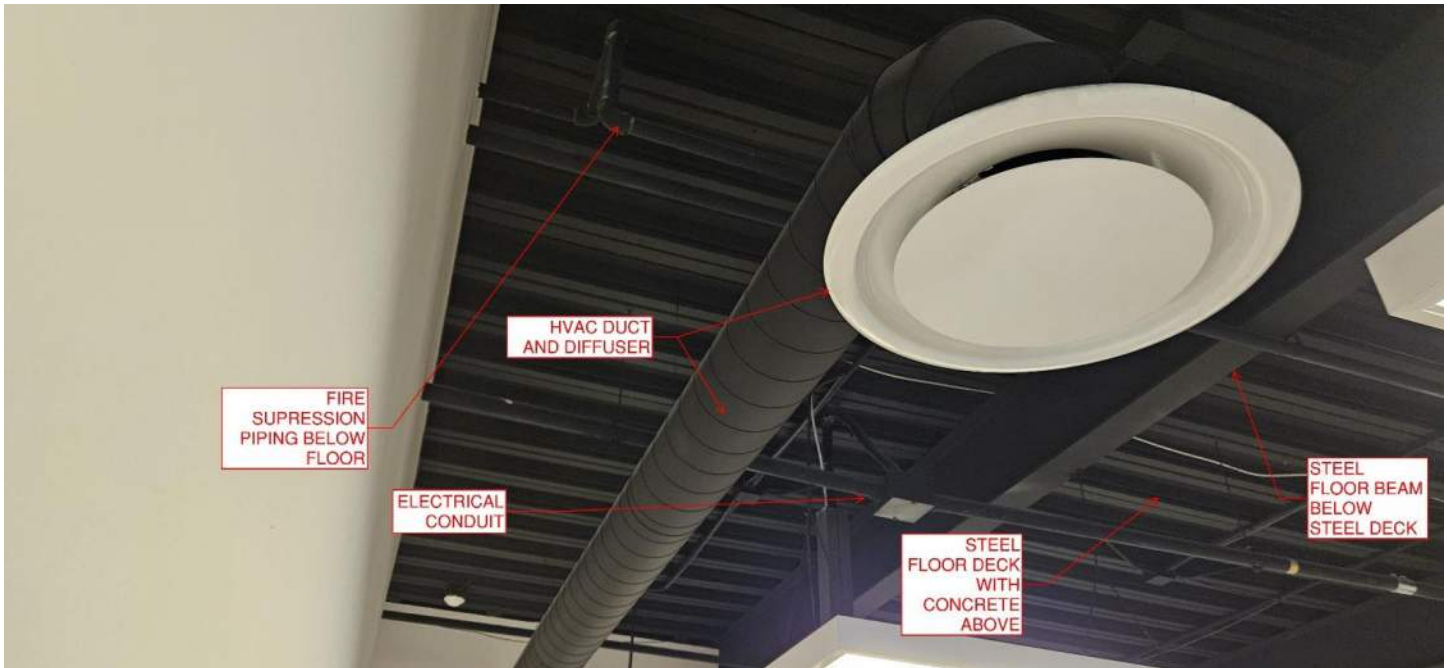


FIGURE 14 - CEILING SPACE ABOVE THE MAIN LEVEL

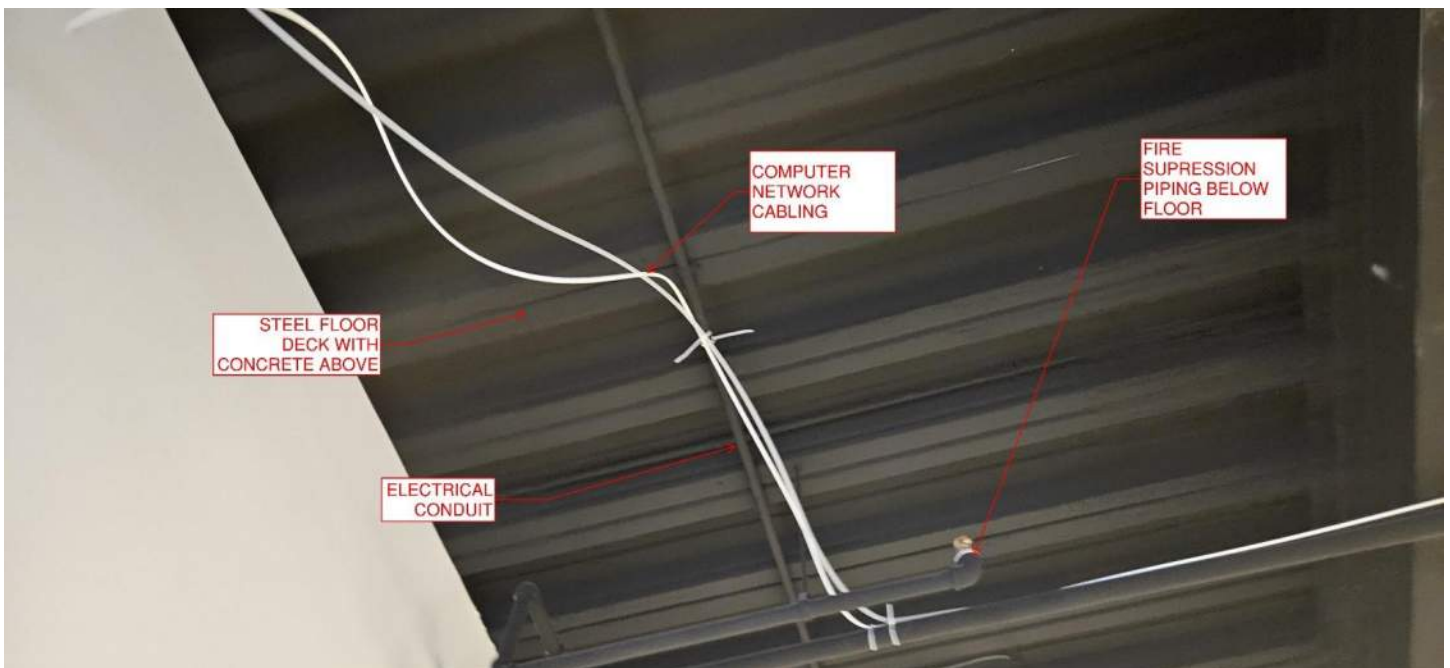


FIGURE 15 - CABLING AND FIRE SUPPRESSION PIPING

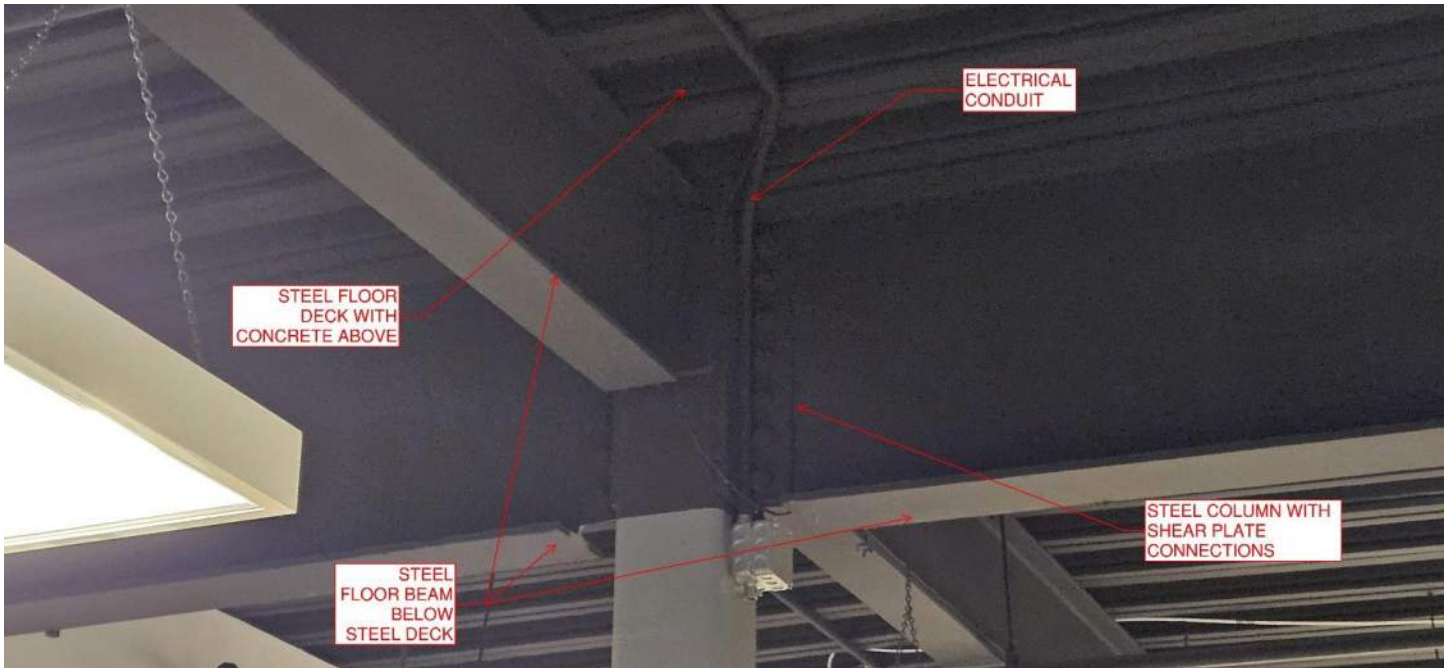


FIGURE 16 - UPPER FLOOR FRAMING OF BEAMS TO COLUMN

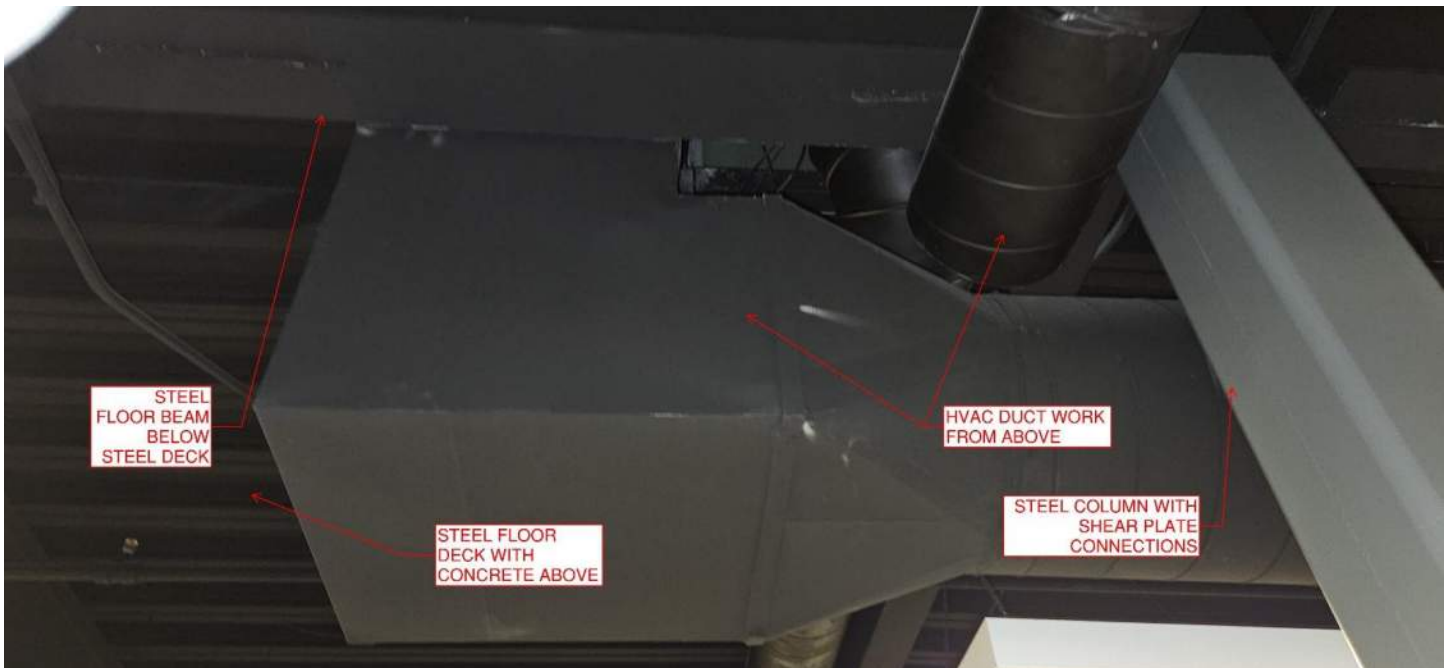


FIGURE 17 - HVAC DUCTWORK FROM ABOVE

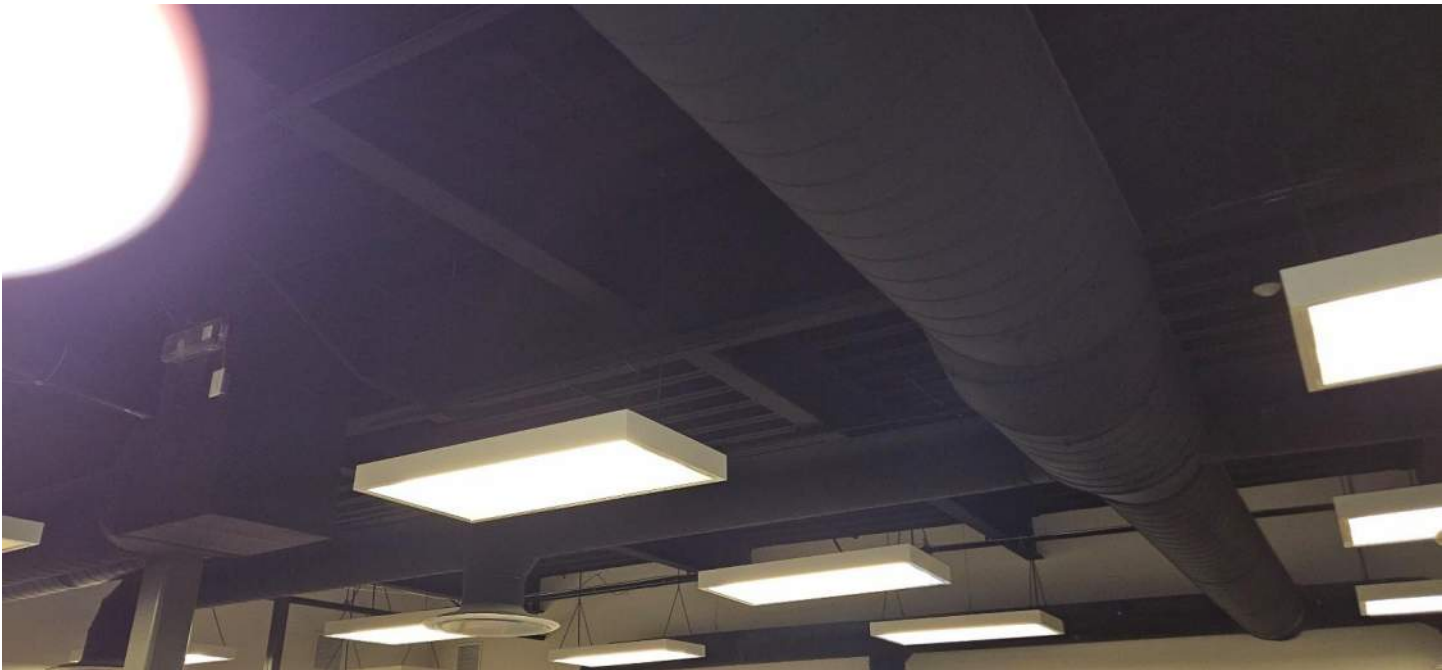


FIGURE 18 - CEILING SPACE ABOVE THE MAIN LEVEL



FIGURE 19 - NATURAL GAS SUPPLY METER



FIGURE 20 - CHIPPING AT SOUTH WINDOW SAWCUTS



FIGURE 21 - WALL PENETRATION AT IN THE SOUTH WALL

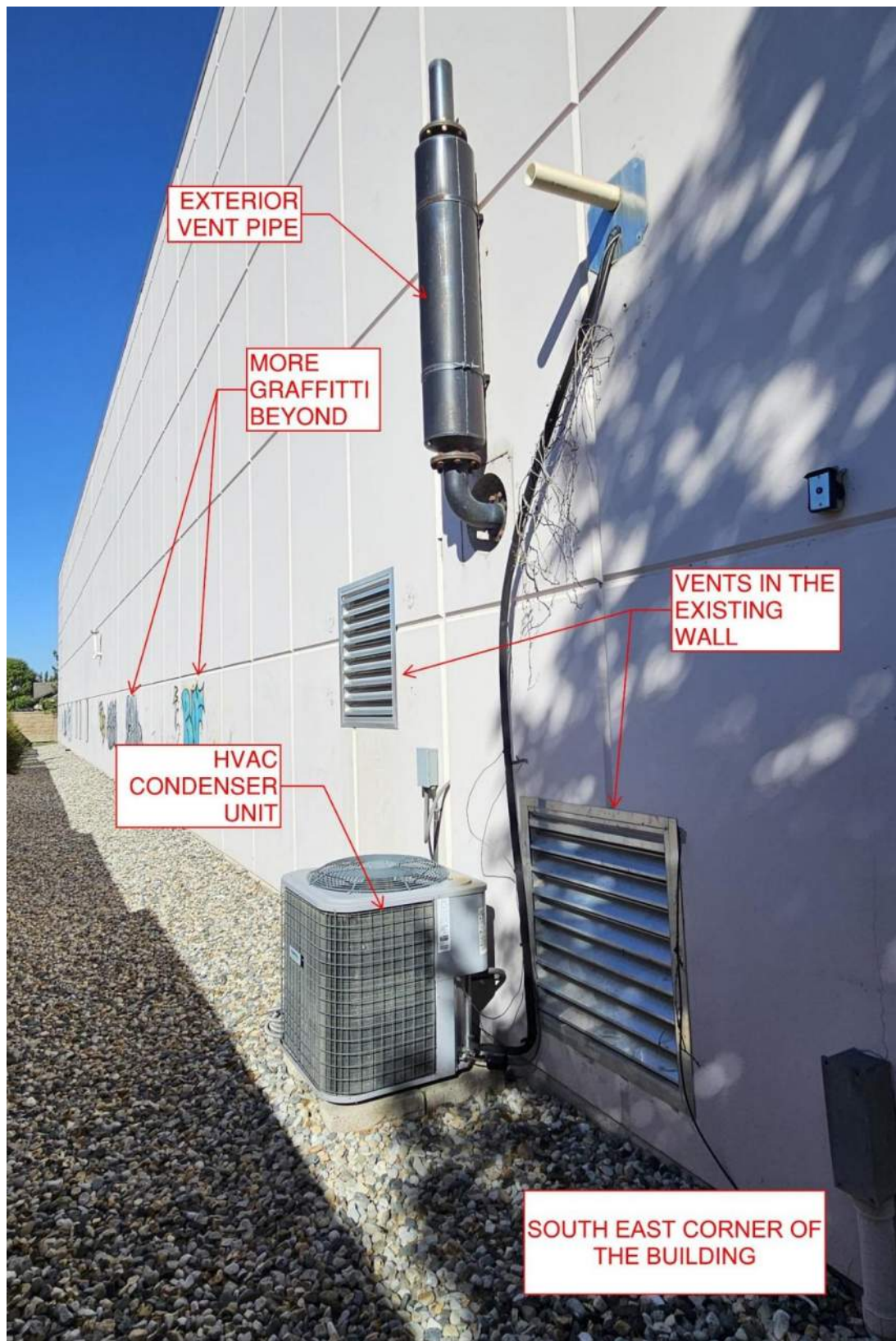


FIGURE 22 - MECHANICAL GROUND UNIT



FIGURE 23 - ELECTRICAL SERVICE PANELS



FIGURE 24 - HVAC ROOFTOP UNIT

LENNOX DALLAS, TEXAS		ASSEMBLED IN THE USA		
M/N: KGB092S4BM2G		CAT#: BV586		
S/N: 5621H04683				
HEATING DATA / CHAUFFAGE				
INPUT (BTUH MAX/MIN) 0-2000 OUTPUT (BTUH MAX) 2001-4500 MANIFOLD PRESSURE (IN. W.C.) 0-2000 MANIFOLD PRESSURE (IN. W.C.) 2001-4500 GAS SUPPLY PRESS. (IN. W.C. MAX/MIN) MAX. OUTLET AIR TEMP. TEMPERATURE RISE (MAX/MIN) UNIT TESTED AT MAX. STATIC PRESS. (IN. W.C.) MFG. RECOMMENDED ORIFICE SIZE FOR ALTITUDES ABOVE (FT.) SEE INSTALLATION INSTRUCTIONS	CONSUMPTION (BTUH MAX/MIN) CONSOMMATION (BTUH MAX/MIN) POUSSEES CALORIFIQUES (BTUH MAX) PRESSION TUBULURE ALIMENT. (PO. C.E.) PRESSION TUBULURE ALIMENT. (PO. C.E.) PRESSION ENTREE GAZ (PO.CE. MAX/MIN) TEMP. MAX. AIR DE SORTIE ELEVATION DE TEMPERATURE (MAX/MIN) UNITE TESTEE A PRESSION STATIQUE MAX (PO. C.E.) ORIFICE RECOMMANDÉ PAR FABRICANT POUR ALTITUDES SUPÉRIEURES A (PIEDS) VOIR INSTRUCTIONS D'INSTALLATION	180,000 / 117,000 172,000 / 117,000 144,000 2.7 / 1.6 3.4 / 1.6 10.5 / 4.7 185°F 30-60°F 1.6 0.0446 IN 2,000		
COOLING DATA/CLIMATISATION				
FACTORY CHARGE/CHARGE SORTIE D'USINE		CONTAINS / CONTIENT RFC-410A		
STAGE 1 4 LBS O. OZS STAGE 2 3 LBS 8. OZS	STAGE 3 STAGE 4	MIN DESIGN PRESS / PRESS. NOM. MIN LOW/BASSE 236 PSIG HIGH/Haute 446 PSIG		
COOLING BTUH: 86,000 IER: 12.7 EER: 11 THERMAL EFF: 80%				
ELECTRICAL RATING / CIRCUIT ELECTRIQUE				
RATED CHARACTERISTIC OPTIONAL 115V CKT. RATED EN OPTION 115V CKT. RATED		VOLTS 480 HERTZ 60 PHASE 3 115 VOLTS 1 PHASE		
SCOR - 0000A USE 75 °C (167 °F) CONDUCTORS AT 75 °C (167 °F) AMPACITY MINIMUM		MIN. CKT. AMPACITY / AMPERAGE MINIMUM 480 115 480 115 VOLTS CKT. VOLT CKT. VOLT CKT. VOLT CKT.		
OPERATION LIMITS ☐ W/O POWER EXHAUST/SANS EVACUATEUR MOTORISE ☐ W/POWER EXHAUST/AVEC EVACUATEUR MOTORISE		20 15 26 16		
MOTOR RATINGS/CARACT. MOTEURS *				
COMPRESSOR (1) COMPRESSOR (2) COMPRESSOR (3) COMPRESSOR (4) EVAPORATOR OUTDOOR FAN COMBUSTION AIR BLOWER OPT EXHAUST	COMPRESSEUR (1) COMPRESSEUR (2) COMPRESSEUR (3) COMPRESSEUR (4) EVAPORATEUR CONDENSEUR VENT. AIR COMB. (480) VENT. EVAC. OPT.	QTY 1 1 1 1 2 1 1	RLA 8 4 3 3 0.33 1 0.33	HP 3 3 3 2 1 1 0.33
MIN AMBIENT TEMP. IN WHICH UNIT MAY BE OPERATED TEMPERATURE AMBIANTE MIN A LAQUELLE L'UNITE PEUT FONCTIONNER ☐ -40°F WITHOUT VESTIBULE HEATER / -40°C SANS RECHAUFFEUR D'ENCEINTE ☐ -60°F WITH VESTIBULE HEATER KIT / -50 °C AVEC RECHAUFFEUR - D'ENCEINTE TC24330				
1" MIN CLEARANCE TO COMBUSTIBLE CONSTRUCTION, EXCEPT FRONT: 36" SERVICE CLEARANCE: SEE INSTALLATION INSTRUCTION. OPERATING CLEARANCE: TOP - UNOBSTRUCTED. FOR INSTALLATION ON COMBUSTIBLE FLOORING AND CLASS A, CLASS B OR CLASS C ROOFING MATERIALS WITH BOTTOM DISCHARGE WHEN INSTALLED ON BASE NO. 1 TIGURB or CIGURB. FOR INSTALLATION ON NONCOMBUSTIBLE FLOOR ONLY WITH BOTTOM DISCHARGE, WITHOUT MOUNTING FRAME. UNIT EQUIPPED FOR NATURAL GAS. A CONVERSION KIT SUPPLIED BY THE MFR., SHALL BE USED TO CONVERT THIS UNIT TO LIPIPROPANE:72M95				
DEGAGEMENT MIN PAR RAPPORT AUX MATERIAUX COMBUSTIBLES: 1". SAUF A L'AVANT: 36" VOIR INSTRUCTIONS D'INSTALLATION POUR LE DEGAGEMENT DE SERVICE DEGAGEMENT EN FONCTIONNEMENT DESSUS SANS OBSTRUCTION POUR INSTALLATION SUR UNE BASE INFLAMMABLE OU SUR UN TOIT DE CLASSE A, B OU C AVEC SORTIE D'AIR PAR LE BAS AVEC UN CADRE DE MONTAGE TIGURB or CIGURB. POUR INSTALLATION SUR UNE BASE NON INFLAMMABLE AVEC SORTIE D'AIR PAR LE BAS, SANS CADRE DE MONTAGE APPAREIL MONOBLOC UNITE LIVREE POUR UTILISATION AVEC DU GAZ NATUREL. UTILISER UNE TRousse DE CONVERSION PAR LE FABRICANT POUR UTILISER AVEC DU GPL/PROPANE: 72M95				
* - BRANCH CIRCUIT RATINGS WHERE APPLICABLE FOR OUTSIDE INSTALLATION ONLY. NOT FOR RESIDENTIAL USE.				
ASHRAE 90.1 Compliant 2016 ANSI Z21.47/CSA-2.3-2016 CENTRAL FURN. (1P) BV586				
		 		
				
VERIFIED Energy Efficiency Performance for 2016		2108177.21		

HVAC UNIT STICKER OTHER UNITS ARE
SIMILAR

FIGURE 25 - SAMPLE HVAC UNIT LABEL

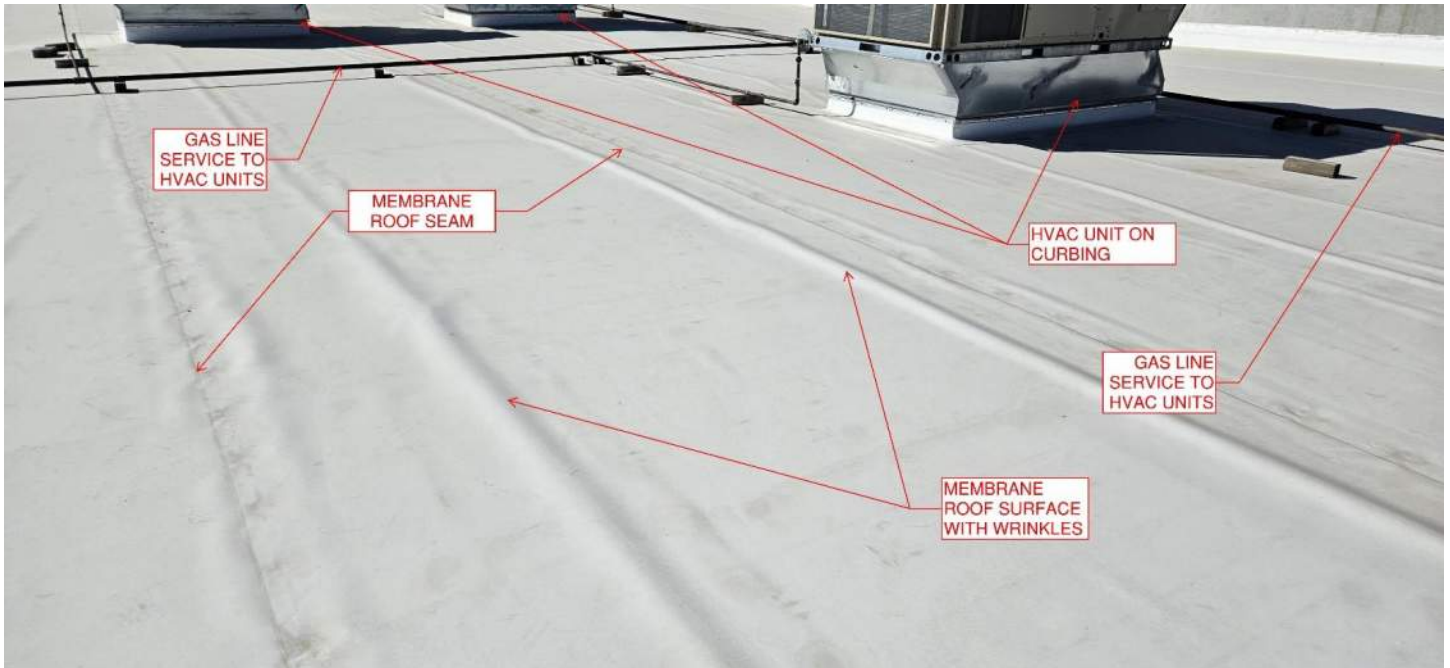


FIGURE 26 - MEMBRANE ROOF

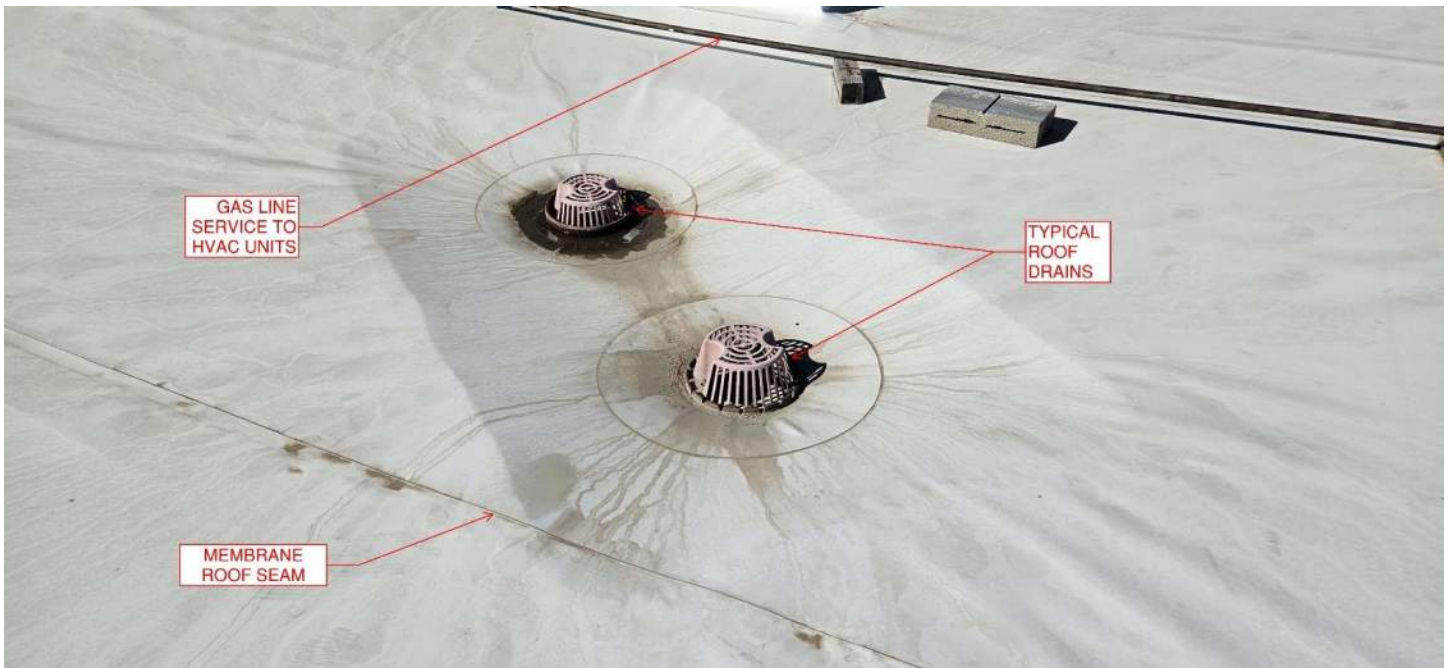


FIGURE 27 - ROOF DRAINS IN THE MEMBRANE ROOF



FIGURE 28 - MULTIPLE ROOFTOP HVAC UNITS

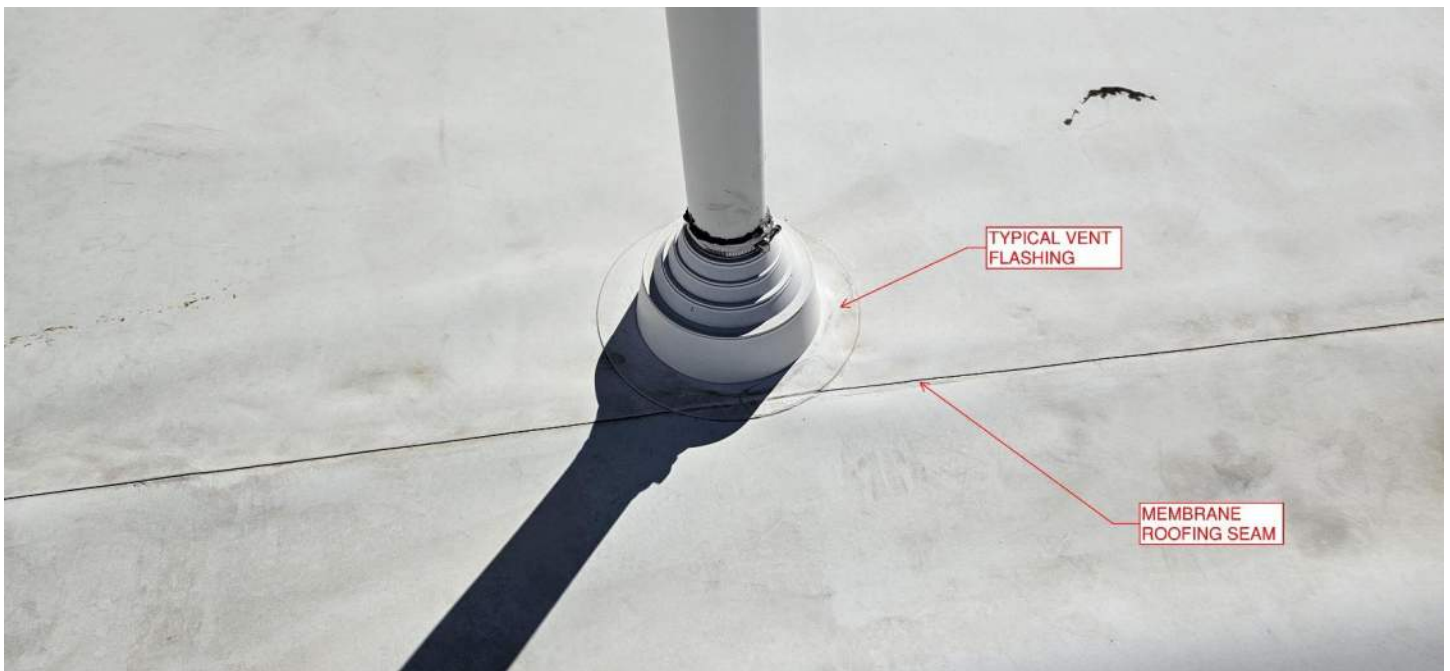


FIGURE 29 - TYPICAL VENT FLASHING

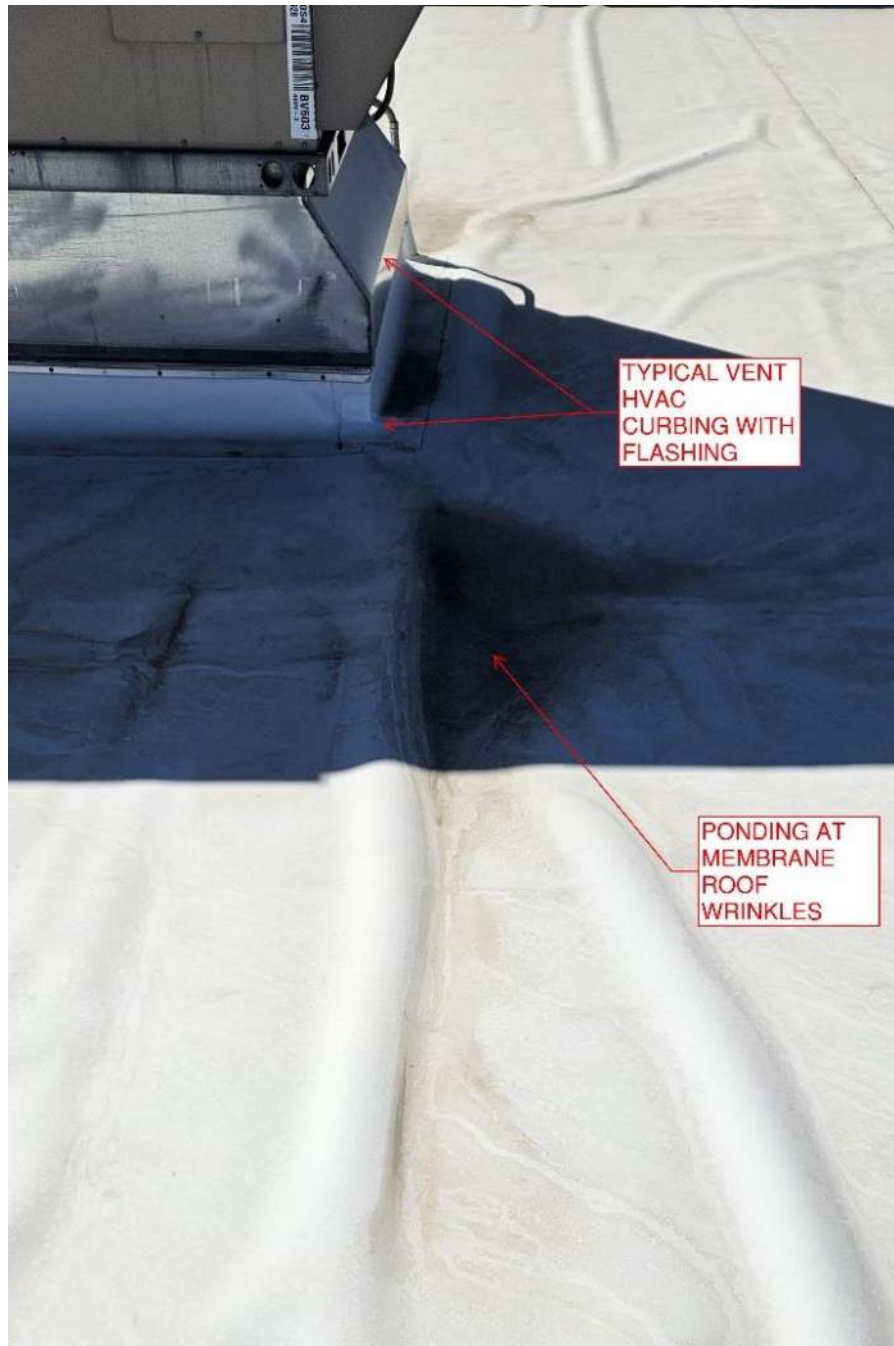


FIGURE 30 - MINOR PONDING ON THE MEMBRANE ROOF

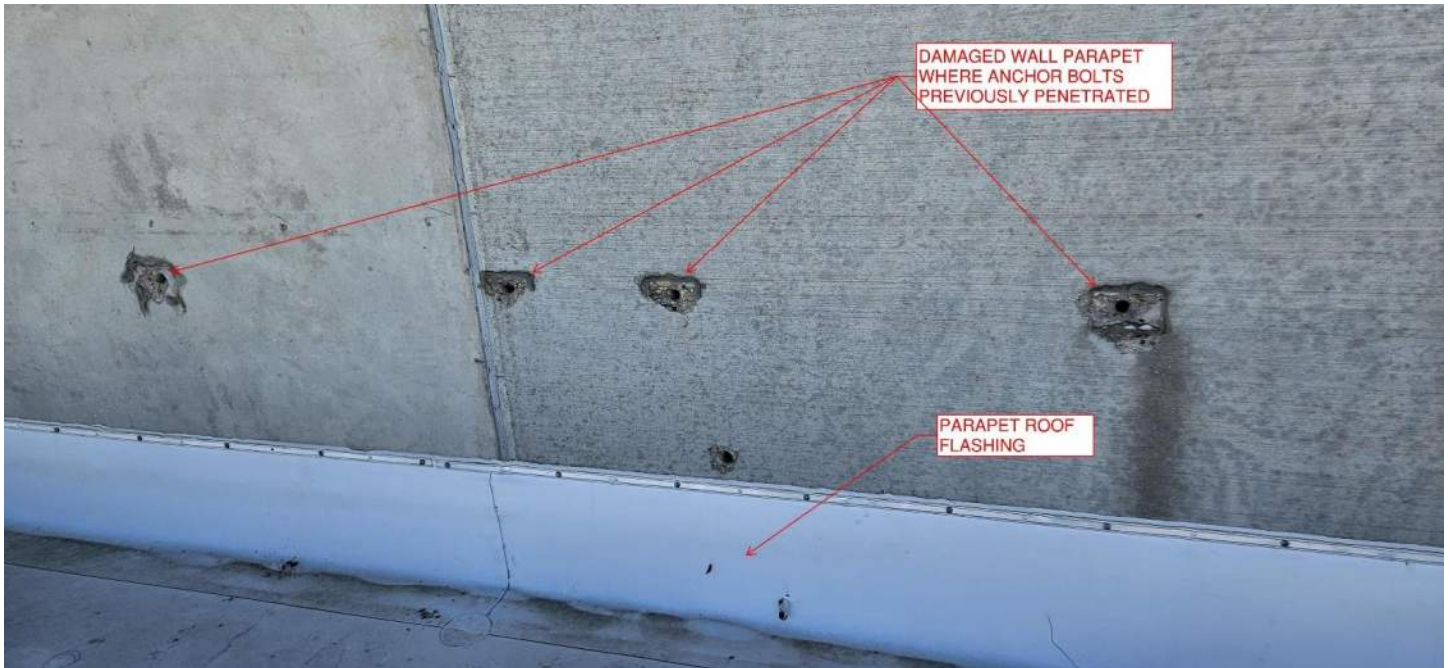


FIGURE 31 - WALL PENETRATIONS AT THE EAST PARAPET



FIGURE 32 - CAPPED ROOF VENT WITH TYPICAL FLASHING



FIGURE 33 - UNUSED SATELLITE DISHES



FIGURE 34 - UNUSED SATELLITE CMU PLATFORM AND DISH

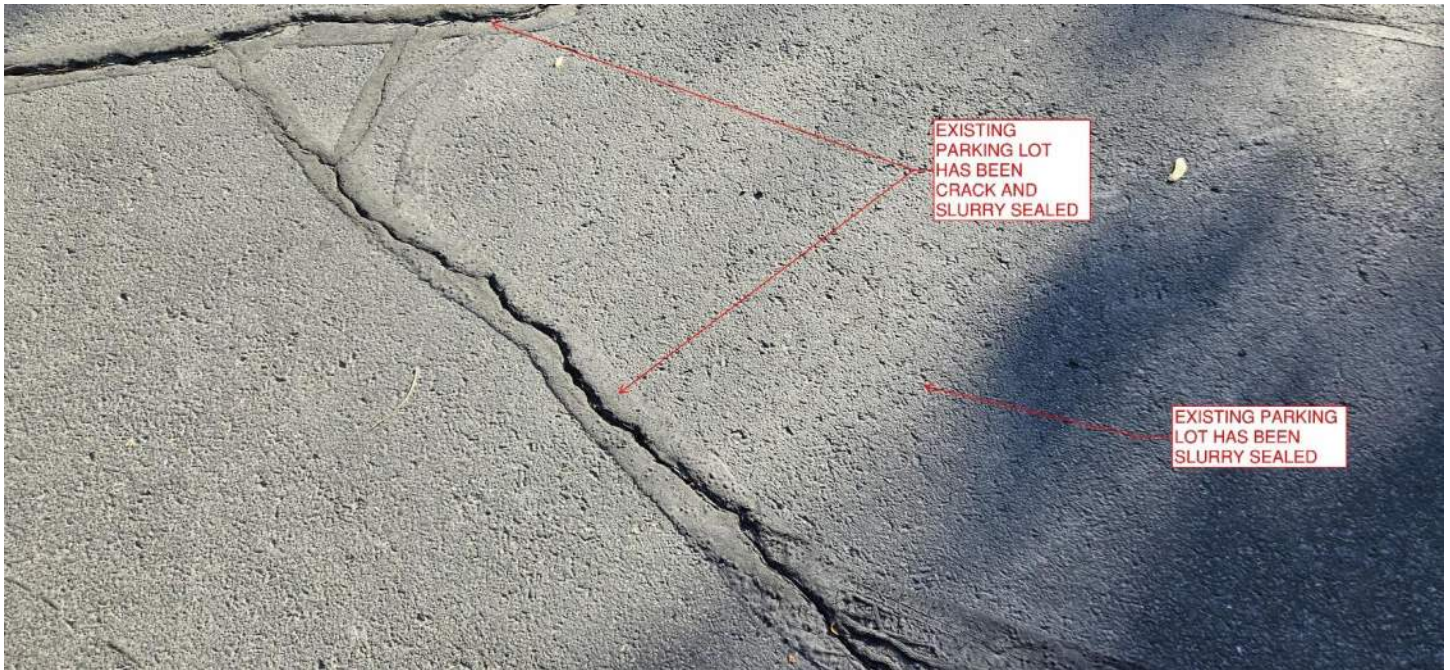


FIGURE 35 - EXISTING PARKING LOT CONDITION

RESERVE ANALYSIS REPORT

9272 Office Condominiums

Sandy, Utah

Report Period: Jan 01, 2025 - Dec 31, 2025

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Introduction

A Reserve Study is anticipating and preparing for major common area repair and replacement expenses. We do this by making projections about the future as well as research and analysis.

A Reserve Study consists of the physical Analysis and the Financial Analysis. The Physical Analysis contains the information about the current condition and repair or replacement cost of the major common area components the association is obligated to maintain. The Physical Analysis information has been assembled by the building owner. The Financial Analysis contains an evaluation of the association's Reserve balance (measured by Percent Funded) and a recommended Funding Plan to offset the anticipated Reserve expenses.

The primary responsibility of the Board of Directors is to maintain, protect, and enhance the assets of the association. As the **physical assets** age and deteriorate, it is important to accumulate **financial assets**, keeping the two "in balance". The Reserve Study is the document that helps keep the physical and financial assets of the association in balance.

This Reserve Study is a budget-planning document. The primary information provided in this document is a list of the major Reserve components, a finding of the current status (strength) of your Reserve Fund, and a recommended Funding Plan.

The basic objective of the Reserve Study is to provide a plan to collect funds at a **stable** rate to offset the predicted **irregular** Reserve expenses. Setting a stable Reserve contribution rate will ensure that each owner pays their "fair share" of the ongoing, gradual deterioration of the common areas.

Methodology

The Board of Directors duty is to point the association responsibly in the direction of proper Reserve planning. A Reserve balance, and the interest rate earned on the Reserve funds has been chosen for this study. The Reserve Component List is provided. With this information and an assumed inflation rate we are able to project the array of future major expenses facing the association.

What assets are covered by reserves?

Reserve expenses are the larger, infrequent expenses that require significant advance planning while operating expenses are those ongoing daily, weekly, or monthly expenses that occur throughout the year. Smaller unexpected repair expenses are typically handled as maintenance expenses, while the larger ones may be covered by insurance or require special assessments.

To determine which expenses should be funded through Reserves four important items must be considered:

- 1- It must be a common area maintenance responsibility
- 2- The component must have a limited life
- 3- The limited life must be predictable (not a "surprise" which cannot be accurately anticipated)
- 4- The component must be above a minimum threshold cost.

This limits Reserve Components to major, predictable expenses. This study has not Reserved for building foundations and major infrastructure elements since they do not have limited life expectancies.

Light bulbs or other small items are usually not listed as Reserve Components since their individual costs are insignificant. Also, not included are unpredictable expenses such as damage due to fire, flood, or earthquake since these typically cannot be considered “reasonably predictable”.

The Financial Analysis

We have used the Reserve Component List to compute the association’s current Percent Funded and an appropriate Reserve Contribution rate. These two pieces of information are considered the Financial Analysis.

The Reserve cash balance can measure reserves, but the true measure is whether the funds are adequate for the needs of the association. Reserve Fund size is therefore measured by Percent Funded. Percent Funded is the actual (or projected) Reserve Balance, divided by the association’s calculated Fully Funded Balance (FFB), expressed as a percentage. The Fully Funded Balance is the sum of the value of the deterioration fraction of each individual Reserve components, not the total replacement value of those components.

Special assessments and deferred maintenance are common when the Percent Funded is weak (below 30%). While the 100% point is ideal, a Reserve Fund above the 70% level should be considered “strong” because cash flow problems are rare. Measuring your Reserves by Percent Funded tells how well prepared the association is for upcoming Reserve expenses. An association with a strong Reserve Fund should experience smooth sailing financially, while an association with a weak Reserve Fund should expect cash flow problems. New buyers should be very aware of this important disclosure!

How much to contribute?

There are four Funding Principles that need to be balanced in developing the Reserve Funding Plan. First and foremost, the objective is to design a plan that provides for sufficient cash to perform the Reserve projects on time. A stable contribution rate is desirable because it indicates the association is being run on a stable financial platform, not being driven by the winds of change from year to year.

For fairness, it is important to evenly distribute the contributions over the years so each owner pays their fair share of the deterioration in direct proportion to the amount of time they are owners. And finally, any Funding Plan must be based on fiscally responsible principles. The Funding Plan was created by a process where different solutions were tested until one was found that most successfully met all four of these principles and achieved the Funding Goal.

Funding Goal

There are different Funding Goals to strive for, ranging from conservative to risky. Establishing a goal of simply having sufficient cash for all future years is called **Baseline Funding**. The drawback is that there is little or no “margin for error”, and expenses that are higher than budgeted or projects that occur earlier than planned will often cause special assessments.

Full Funding is when the association has the goal of becoming Fully Funded (Reserve Cash equals the FFB). Such an objective means the association is following the simple and responsible principle that you replace what you use up.

Believing this to be the responsible choice, the Funding Plan will direct the association to Full Funding. Members of Fully Funded associations enjoy low exposure to the risk of special assessments or deferred maintenance.

Strong interest earnings will minimize owner Reserve contributions. Board members enjoy peace of mind that the association’s physical and financial assets are in balance, and therefore a degree of insulation from claims of fiscal irresponsibility.

Threshold Funding option is different in that the association selects a target other than 0% or 100%. This objective may be between 0% and 100% Funded, higher than 100% Funded, or a particular Reserve cash balance. Associations choosing Threshold Funding select this option to customize their risk exposure.

Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all these expenses will all take place as anticipated. This Reserve Study needs to be updated annually because we expect the timing of these expenses to shift and the size of these expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away. Please be aware of your near-term expenses, which we are able to project more accurately than the more distant projections.

Reserve Fund Status

The starting point for our financial analysis is the Reserve Fund balance, projected to be \$65,000 as-of the start of the Fiscal Year on 4/1/2025. This is based on the projections provided to our firm. As of your Fiscal Year Start, your Fully Funded Balance is computed to be \$178,700. This figure represents the deteriorated value of your common area components.

Glossary of Terms:

Annual Fully Funded Requirement: This is a theoretical value represented in the Percent Funded Analysis report per component. It's also considered the annual accrued depreciation. In other words it's the ideal amount required to Fully Fund the replacement on an annual basis. The amount is calculated based on the useful life and replacement cost and makes no adjustment to eliminate any current reserve deficits.

Annual Reserve Contributions: The total assessments, fees, or dues are apportioned between annual operating costs (paying for trash, water, utilities, maintenance, insurance, management fees) and the money you are setting aside every year to pay for anticipated expenditures. This value should not include interest earned as that is already calculated into the reserve funding plans. Our Reserve Analysis Report compares the annual reserve contributions vs. the anticipated expenditures over the duration of the reserve funding plan.

Component: Components are all the different common parts of the property (that typically an HOA would be responsible for). They are everything from the roof to asphalt or concrete to decking and balconies to landscaping, lighting, and painting. All of these things need to be repaired or replaced eventually. Our Reserve Analysis Report provides estimates of those current replacement costs to help determine how much money will be required in the bank to pay for them eventually.

Fully Funded Reserve Balance: The Fully Funded Reserve Balance is the total accrued depreciation. In other words it's the amount of life "used up" for each one of your components translated into a dollar value. This is calculated by multiplying the fractional age of each component by its current estimated replacement cost, then adding them all together, otherwise known as straight-line depreciation. Its purpose is to help you measure the strength of your reserve fund.

Reserve Balance: This is how much money you have in the bank set aside for reserves at a given point in time, like at the start of each fiscal year called 'Starting Reserve Balance' or at the end of the fiscal year called 'Ending Reserve Balance.' It can also be the reserve accumulated to date, like in the Percent Funding Analysis report where each component has an 'Accumulated Reserve Balance' value.

Reserves are the money set aside for anticipated common area expenses. The reserve account (also called cash reserves or reserve funds) is funded by dues collected from owners (like HOA fees).

Just like an emergency fund or a rainy-day fund to cover personal expenses if the car breaks down or the kitchen sink leaks, HOAs with commonly owned space like condominiums must set aside a healthy percentage of funds every year to plan for the future.

Without it, paying for big expenses becomes difficult. It may require a special assessment to raise the funds to pay for a repair, putting an oversized financial burden on owners. Or a capital improvement loan may be required. The Reserve Analysis report will help figure out a sufficient amount of money to put away in reserves each year to pay for those eventual expenses. Usually a 70% funded reserve balance or above is considered strong.

Remaining Useful Life (RUL): Remaining useful life is how many remaining years of use a component should have left before it has to be replaced. For example, if the useful life of your roof is 20 years and it is five years old, the remaining useful life would be 15 years.

Replacement Contingency %: The replacement contingency percentage is a budgeting option that gives you the flexibility to determine the amount or percentage to fund replacements. This gives you more control to establish the funds available to make the necessary repairs on a cycled basis. For example, the retaining walls may be estimated to be replaced over 25 years, but the budget may call to phase the replacement in stages of 20% every five years. It may be determined to only account for that percentage of the replacement cost in your budget.

Source: These are the source(s) utilized to obtain component repair or replacement cost estimates and can be reviewed on the Component Inventory report.

Useful Life (UL): Useful life is how many years a component is expected to be in use from the time it's new (or refurbished) ; to the time it has to be replaced. For example, the roof – depending on what kind it is – might have a useful life of 20 years. After 20 years, you'd expect to replace it.

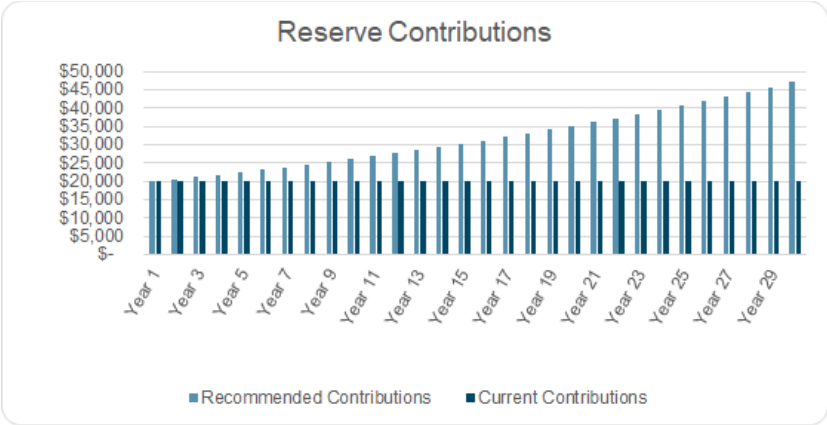
Executive Summary

Property Description	Financial Summary
Property Name: 9272 Office Condominiums	Starting Reserve Balance: \$65,000
	Annual Contribution: \$20,000
	Required Reserve Balance \$178,700
Location: Sandy, UT	Percent Funded: 36%
Project Type: Office	Current Annual Reserve Deposit: \$20,000

Assumed Inflation, Interest & Rate of Annual Reserve Contribution Increase

Funding and anticipated expenditures have been computed with a time value of money approach with the following rates:

Inflation:	Interest:	Annual Reserve Contribution Increase:
3.00 %	2.00 %	Varies
Applied to the anticipated expenditures	Applied to the average annual reserve balance	See individual funding models

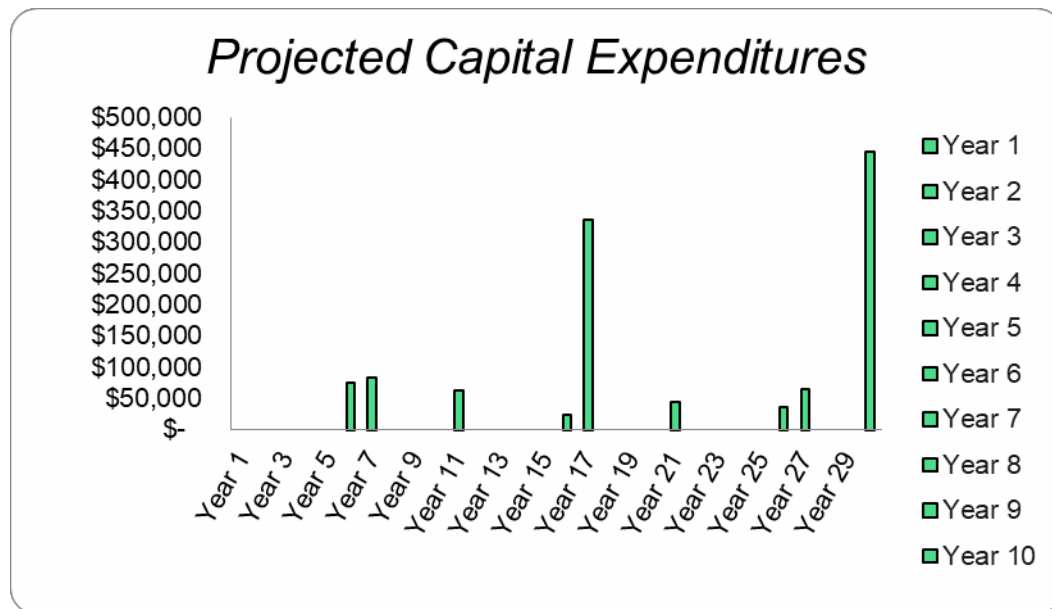


Component Inventory

Current Replacement Cost: \$695,000

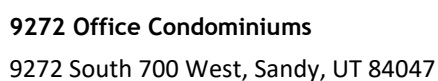
Component	Project Number	UL	RUL	Unit Price	Quantity	Current Replacement Cost	Anticipated Expenditures	Source
HVAC Rooftop		20	16	\$15,000	14	\$210,000	\$336,988	
Membrane Roof		30	29	\$189,000	1	\$189,000	\$445,391	
Seal Parking Lot		15	10	\$17,000	1	\$17,000	\$22,847	
Concrete Sidewalks		50	26	\$30,000	1	\$30,000	\$64,698	
Elevator Upgrade		30	6	\$70,000	1	\$70,000	\$83,584	
Generator Replacement		25	5	\$65,000	1	\$65,000	\$75,353	
Common Areas Paint		20	20	\$25,000	1	\$25,000	\$28,982	
Bathroom Upgrades		35	35	\$70,000	1	\$70,000	\$196,970	
Common Areas Carpet		15	15	\$15,000	1	\$15,000	\$23,370	
Trash Dumpster Gate		24	10	\$4,000	1	\$4,000	\$5,376	
Totals						\$695,000	\$1,299,788	

Measure key : SF = Square Feet , EA = Each , SY = Square Yard(s) , LF = Linear Feet , ALW = Allowance , BLD = Building(s) , CY = Cubic Yard(s) , LT = Lot , PLC = Place(s) , SQ = Square(s) , TN = Ton(s) , LS = Lump Sum



Component Future Cost

Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Cost	Future Cost
HVAC Rooftop commercial pac	20	16	\$210,000	\$336,988
Rubber membrane roof	30	29	\$189,000	\$445,391
Seal Parking Lot	15	10	\$17,000	\$22,847
Concrete Sidewalks	50	26	\$30,000	\$64,698
Elevator Upgrade	30	6	\$70,000	\$83,584
Generator Replacement	25	5	\$65,000	\$75,353
Common Areas Paint	20	20	\$25,000	\$45,153
Bathroom Upgrades	35	35	\$70,000	\$196,970
Common Areas Carpet	15	15	\$15,000	\$23,370
Trash Dumpster Enclosure Gat	24	10	\$4,000	\$5,376
0	0	0	\$0	\$0
0	0	0	\$0	\$0
0	0	0	\$0	\$0
0	0	0	\$0	\$0
0	0	0	\$0	\$0
0	0	0	\$0	\$0
0	0	0	\$0	\$0
0	0	0	\$0	\$0
0	0	0	\$0	\$0
0	0	0	\$0	\$0
0	0	0	\$0	\$0
0	0	0	\$0	\$0
0	0	0	\$0	\$0
0	0	0	\$0	\$0
0	0	0	\$0	\$0
0	0	0	\$0	\$0

[illegible]

Year	Starting Reserve Balance	Reserve Imended Contrib	Interest Earned	Projected Expenses	Ending Reserve Balance	Percent Funded Level	Goal	Current Contributions
Year 1	\$ 65,000	\$ 20,000	\$ 1,700	\$ -	\$ 86,700	36%	75%	\$ 20,000
Year 2	\$ 86,700	\$ 20,600	\$ 2,146	\$ -	\$ 109,446	41%	75%	\$ 20,000
Year 3	\$ 109,446	\$ 21,218	\$ 2,613	\$ -	\$ 133,277	44%	75%	\$ 20,000
Year 4	\$ 133,277	\$ 21,855	\$ 3,103	\$ -	\$ 158,234	46%	75%	\$ 20,000
Year 5	\$ 158,234	\$ 22,510	\$ 3,615	\$ -	\$ 184,360	48%	75%	\$ 20,000
Year 6	\$ 184,360	\$ 23,185	\$ 2,644	\$ 75,353	\$ 134,836	50%	75%	\$ 20,000
Year 7	\$ 134,836	\$ 23,881	\$ 1,503	\$ 83,584	\$ 76,636	40%	75%	\$ 20,000
Year 8	\$ 76,636	\$ 24,597	\$ 2,025	\$ -	\$ 103,258	26%	75%	\$ 20,000
Year 9	\$ 103,258	\$ 25,335	\$ 2,572	\$ -	\$ 131,166	31%	75%	\$ 20,000
Year 10	\$ 131,166	\$ 26,095	\$ 3,145	\$ -	\$ 160,406	34%	75%	\$ 20,000
Year 11	\$ 160,406	\$ 26,878	\$ 3,181	\$ 28,222	\$ 162,244	37%	75%	\$ 20,000
Year 12	\$ 162,244	\$ 27,685	\$ 3,799	\$ -	\$ 193,727	36%	75%	\$ 20,000
Year 13	\$ 193,727	\$ 28,515	\$ 4,445	\$ -	\$ 226,687	38%	75%	\$ 20,000
Year 14	\$ 226,687	\$ 29,371	\$ 5,121	\$ -	\$ 261,179	40%	75%	\$ 20,000
Year 15	\$ 261,179	\$ 30,252	\$ 5,829	\$ -	\$ 297,259	42%	75%	\$ 20,000
Year 16	\$ 297,259	\$ 31,159	\$ 6,101	\$ 23,370	\$ 311,150	43%	75%	\$ 20,000
Year 17	\$ 311,150	\$ 32,094	\$ 125	\$ 336,988	\$ 6,381	43%	75%	\$ 20,000
Year 18	\$ 6,381	\$ 33,057	\$ 789	\$ -	\$ 40,226	1%	75%	\$ 20,000
Year 19	\$ 40,226	\$ 34,049	\$ 1,486	\$ -	\$ 75,761	8%	75%	\$ 20,000
Year 20	\$ 75,761	\$ 35,070	\$ 2,217	\$ -	\$ 113,047	13%	75%	\$ 20,000
Year 21	\$ 113,047	\$ 36,122	\$ 2,080	\$ 45,153	\$ 106,097	18%	75%	\$ 20,000
Year 22	\$ 106,097	\$ 37,206	\$ 2,866	\$ -	\$ 146,169	16%	75%	\$ 20,000
Year 23	\$ 146,169	\$ 38,322	\$ 3,690	\$ -	\$ 188,181	20%	75%	\$ 20,000
Year 24	\$ 188,181	\$ 39,472	\$ 4,553	\$ -	\$ 232,206	23%	75%	\$ 20,000
Year 25	\$ 232,206	\$ 40,656	\$ 5,457	\$ -	\$ 278,319	26%	75%	\$ 20,000
Year 26	\$ 278,319	\$ 41,876	\$ 5,692	\$ 35,594	\$ 290,292	28%	75%	\$ 20,000
Year 27	\$ 290,292	\$ 43,132	\$ 5,375	\$ 64,698	\$ 274,101	28%	75%	\$ 20,000
Year 28	\$ 274,101	\$ 44,426	\$ 6,371	\$ -	\$ 324,897	26%	75%	\$ 20,000
Year 29	\$ 324,897	\$ 45,759	\$ 7,413	\$ -	\$ 378,069	28%	75%	\$ 20,000
Year 30	\$ 378,069	\$ 47,131	\$ (404)	\$ 445,391	\$ (20,595)	30%	75%	\$ 20,000

Percent Funded Level

