

In accordance with the Code of Virginia Title 55.1-1965

Reserve Funding Disclosure

Period 2024 thru 2053

Prepared For

Fairfax Estates Condominium Association

Based on the analysis found within the pages of this report, and other information available to the board of directors, it is our opinion that currently projected reserve account balances as shown in the **Funding Plan** section of this report will be sufficient at the end of each year to meet the association's obligations for repair and/or replacement of major expense components during the next 30 years.

The procedures used in creating this study as well as other detailed background information used can be found in the **Commentary** section of this report.

Signed,

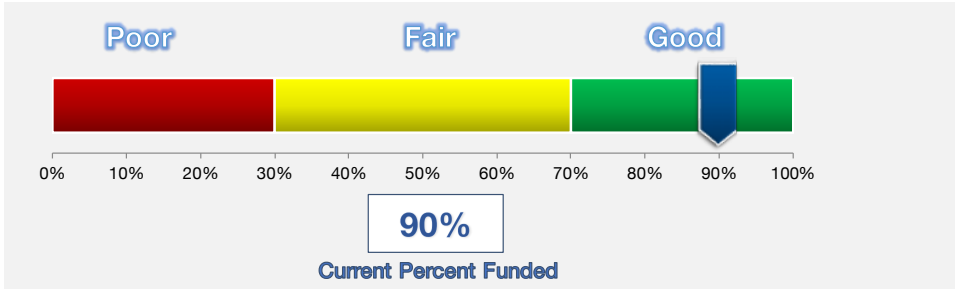
The Board of Directors

1/7/24

Expense Summary

Reserve Fund Health Check

The scale below shows the state of your current reserve fund adequacy compared to the ideal state of a 100% funded balance. For reference your 100% FFB amount is shown in cell C32.



Notes:

The above scale is based on generally accepted reserve industry guidelines as a broad measure of an association's reserve fund health.

Term of study (Years):	30
Total capital expenditure over term:	\$ 3,146,504
Total average annual capital expenditure:	\$ 104,883
Per unit average annual capital expenditure:	\$ 2,384
Ending reserve account balance:	\$ 436,565
Your current fully funded balance (FFB): *	\$ 486,793

Funding Method: Pooled/Cash Flow (Inflation Adjusted)

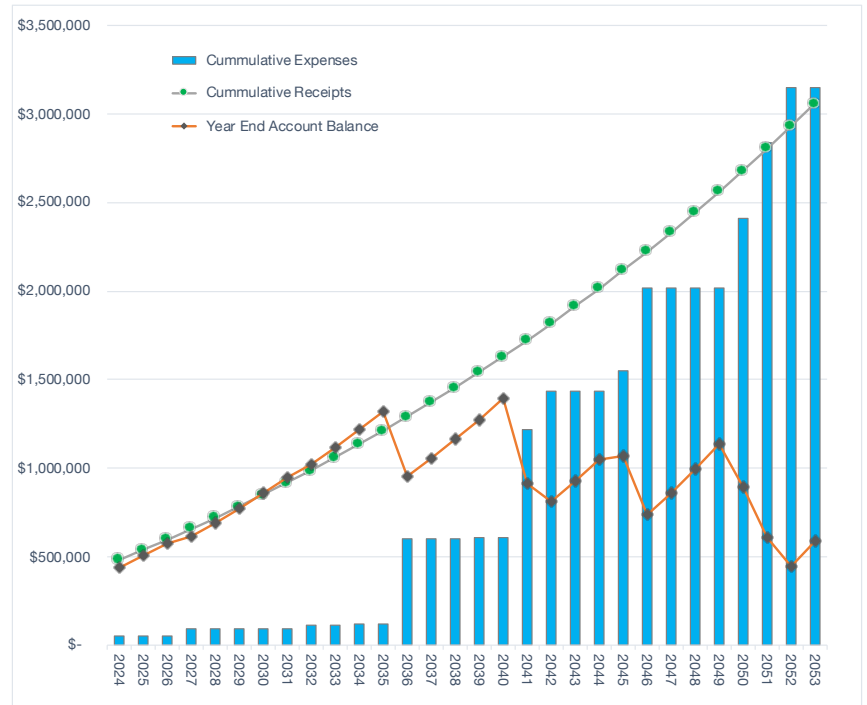
*** Notes on FFB**

1. FFB (Fully Funded Balance) is a means to evaluate the value of deteriorating assets. $FFB = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$. This calculation is used to determine "Reserve Adequacy".
2. Ideally, an association should strive for a 100% FFB realizing that this goal can take a number of years to achieve. The strength of an association's reserves can have a major impact on property values, etc.

Expense Breakdown by Category

		% of Total
Site Systems (Infrastructure)	\$ 286,742	9%
Mechanical, Electrical, Plumbing Systems	\$ 182,927	6%
Building - Exterior	\$2,676,835	85%
Building - Interior	\$ -	0%
Other	\$ -	0%
	\$3,146,504	100%

Cummulative Receipts & Expenses Over Term



Objectives

Property Name:	Fairfax Estates Condominium Association
Funding Goal: Maintain a minimum reserve balance of:	\$ 275,000
Funding Goal: Maintain a minimum "Percent Funded" balance of:	70%
Term of study (40 years maximum):	30
Start of term:	2024
End of term:	2053
Number of units (Condos, Townhomes, etc.):	44
Starting reserve fund balance:	\$ 425,000
Assumed annual inflation rate:	3.50%
Assumed rate of return on funds:	2.50%

Component Inventory

Component Description	Inputs			Total Cost	Total Cost (w/ Inflation)	Inputs		Replacement Year	
	Quantity	Unit	Current Unit Cost			Estimated Useful Life	Remaining Useful Life		
Site Systems (Infrastructure)									
Resurface: asphalt paving - Crescent Rd & Driveway Extensions	12,000	SY	\$ 6.75	\$ 81,000	\$ 150,457	25	18	2042	
Resurface: asphalt paving - Phase 1 Driveways	3,000	SY	\$ 6.75	\$ 20,250	\$ 41,703	25	21	2045	
Resurface: asphalt paving - Phase 2 Driveways	3,000	SY	\$ 6.75	\$ 20,250	\$ 41,703	25	21	2045	
Resurface: asphalt paving - Phase 3 Driveways	2,000	SY	\$ 6.75	\$ 13,500	\$ 27,802	25	21	2045	
Resurface: sidewalk asphalt paving	2,000	SY	\$ 6.75	\$ 13,500	\$ 25,076	25	18	2042	
Mechanical, Electrical, Plumbing Systems									
Replace (2) Primary Water Pumps	2	EA	\$ 6,000	\$ 12,000	\$ 12,000	15	0	2024	
Replace Pump Controller, Volume meter & Holding Tank	1	EA	\$ 20,000	\$ 20,000	\$ 20,000	15	0	2024	
Replace Outflow Meter & Piping	1	EA	\$ 2,500	\$ 2,500	\$ 2,500	10	0	2024	
Replace Pump Controller, Volume meter & Holding Tank (2nd replacement)	1	EA	\$ 20,000	\$ 20,000	\$ 20,000	10	0	2024	
Replace Secondary Filtration Chamber	2	EA	\$ 2,500	\$ 5,000	\$ 5,544	15	3	2027	
Replace (4) Air Safety Valves	2	EA	\$ 7,500	\$ 15,000	\$ 16,631	15	3	2027	
Replace (2) Primary Water Pumps (2nd replacement)	2	EA	\$ 6,000	\$ 12,000	\$ 13,305	15	3	2027	
Replace (3) BioTech Ejector Valves	3	EA	\$ 842	\$ 2,526	\$ 3,326	20	8	2032	
Replace (4) Air Safety Valves (2nd replacement)	2	EA	\$ 7,500	\$ 15,000	\$ 19,752	20	8	2032	
Replace Waste Water Equalization Tanks	2	EA	\$ 2,500	\$ 5,000	\$ 8,377	30	15	2039	
Replace Main Septic Pump Controller	2	EA	\$ 2,500	\$ 5,000	\$ 9,287	30	18	2042	
Replace (3) BioTech Ejector Valves (2nd replacement)	3	EA	\$ 842	\$ 2,526	\$ 4,692	30	18	2042	
Replace (4) Air Safety Valves (2nd replacement)	2	EA	\$ 7,500	\$ 15,000	\$ 27,862	30	18	2042	
Replace Secondary Filtration Chamber (2nd replacement)	2	EA	\$ 2,500	\$ 5,000	\$ 13,101	30	28	2052	
Replace Waste Water Equalization Tanks (2nd replacement)	1	EA	\$ 2,500	\$ 2,500	\$ 6,550	30	28	2052	
Building - Exterior									
Replace roofing (Phase 1)	16	EA	\$ 20,000	\$ 320,000	\$ 483,542	25	12	2036	
Replace roofing (Phase 2)	17	EA	\$ 20,000	\$ 340,000	\$ 610,190	25	17	2041	
Replace roofing (Phase 3)	11	EA	\$ 20,000	\$ 220,000	\$ 468,933	25	22	2046	
Replace roofing/repair at Gatehouse	1	EA	\$ 3,000	\$ 3,000	\$ 4,232	25	10	2034	
Clear Row Replace decks (Phase 1)	16	EA	\$ 10,000.00	\$ 160,000	\$ 391,353	30	26	2050	
Replace decks (Phase 2)	17	EA	\$ 10,000.00	\$ 170,000	\$ 430,366	30	27	2051	
Replace decks (Phase 3)	11	EA	\$ 10,000.00	\$ 110,000	\$ 288,219	30	28	2052	
Building - Interior									
Other									
				\$ 1,610,552	\$ 3,146,504				

Funding Plan: 30 Year Outlook

Funding Method: Pooled/Cash Flow (Inflation Adjusted)

Year	Total Property FFB	% Funded at EoY	Projected Beginning Reserves	Annual Reserve Receipts	Return on Investments	Annual Expenditures	Year End Balance	Input 1.	Input 2.
								Monthly Fee (Per Unit)	Annual Assessment (Per Unit)
2024	\$ 486,793	90%	\$ 425,000	\$ 55,440	\$ 10,625	\$ 54,500	\$ 436,565	\$ 105	\$ -
2025	\$ 509,630	99%	\$ 436,565	\$ 57,103	\$ 10,914	\$ -	\$ 504,582	\$ 108	\$ -
2026	\$ 591,852	97%	\$ 504,582	\$ 57,103	\$ 12,615	\$ -	\$ 574,300	\$ 111	\$ -
2027	\$ 679,205	90%	\$ 574,300	\$ 60,581	\$ 14,358	\$ 35,479	\$ 613,759	\$ 115	\$ -
2028	\$ 732,779	94%	\$ 613,759	\$ 62,398	\$ 15,344	\$ -	\$ 691,502	\$ 118	\$ -
2029	\$ 827,277	93%	\$ 691,502	\$ 64,270	\$ 17,288	\$ -	\$ 773,059	\$ 122	\$ -
2030	\$ 927,492	93%	\$ 773,059	\$ 66,198	\$ 19,326	\$ -	\$ 858,584	\$ 125	\$ -
2031	\$ 1,033,709	92%	\$ 858,584	\$ 68,184	\$ 21,465	\$ -	\$ 948,233	\$ 129	\$ -
2032	\$ 1,146,225	89%	\$ 948,233	\$ 70,230	\$ 23,706	\$ 23,078	\$ 1,019,090	\$ 133	\$ -
2033	\$ 1,240,270	90%	\$ 1,019,090	\$ 72,337	\$ 25,477	\$ -	\$ 1,116,904	\$ 137	\$ -
2034	\$ 1,364,217	89%	\$ 1,116,904	\$ 74,507	\$ 27,923	\$ 4,232	\$ 1,215,101	\$ 141	\$ -
2035	\$ 1,490,765	89%	\$ 1,215,101	\$ 76,742	\$ 30,378	\$ -	\$ 1,322,221	\$ 145	\$ -
2036	\$ 1,629,034	58%	\$ 1,322,221	\$ 79,044	\$ 33,056	\$ 483,542	\$ 950,779	\$ 150	\$ -
2037	\$ 1,254,671	84%	\$ 950,779	\$ 81,416	\$ 23,769	\$ -	\$ 1,055,964	\$ 154	\$ -
2038	\$ 1,370,089	85%	\$ 1,055,964	\$ 83,858	\$ 26,399	\$ -	\$ 1,166,221	\$ 159	\$ -
2039	\$ 1,492,049	85%	\$ 1,166,221	\$ 86,374	\$ 29,156	\$ 8,377	\$ 1,273,373	\$ 164	\$ -
2040	\$ 1,611,909	86%	\$ 1,273,373	\$ 88,965	\$ 31,834	\$ -	\$ 1,394,172	\$ 168	\$ -
2041	\$ 1,747,305	52%	\$ 1,394,172	\$ 91,634	\$ 34,854	\$ 610,190	\$ 910,471	\$ 174	\$ -
2042	\$ 1,233,396	66%	\$ 910,471	\$ 94,383	\$ 22,762	\$ 217,375	\$ 810,241	\$ 179	\$ -
2043	\$ 1,101,331	84%	\$ 810,241	\$ 97,214	\$ 20,256	\$ -	\$ 927,711	\$ 184	\$ -
2044	\$ 1,191,366	88%	\$ 927,711	\$ 100,131	\$ 23,193	\$ -	\$ 1,051,035	\$ 190	\$ -
2045	\$ 1,286,355	83%	\$ 1,051,035	\$ 103,135	\$ 26,276	\$ 111,209	\$ 1,069,236	\$ 195	\$ -
2046	\$ 1,266,828	58%	\$ 1,069,236	\$ 106,229	\$ 26,731	\$ 468,933	\$ 733,263	\$ 201	\$ -
2047	\$ 858,730	100%	\$ 733,263	\$ 109,416	\$ 18,332	\$ -	\$ 861,011	\$ 207	\$ -
2048	\$ 922,845	108%	\$ 861,011	\$ 112,698	\$ 21,525	\$ -	\$ 995,234	\$ 213	\$ -
2049	\$ 990,397	115%	\$ 995,234	\$ 116,079	\$ 24,881	\$ -	\$ 1,136,194	\$ 220	\$ -
2050	\$ 1,061,546	84%	\$ 1,136,194	\$ 119,561	\$ 28,405	\$ 391,353	\$ 892,807	\$ 226	\$ -
2051	\$ 717,910	85%	\$ 892,807	\$ 123,148	\$ 22,320	\$ 430,366	\$ 607,909	\$ 233	\$ -
2052	\$ 307,870	144%	\$ 607,909	\$ 126,843	\$ 15,198	\$ 307,870	\$ 442,079	\$ 240	\$ -
2053	\$ -		\$ 442,079	\$ 130,648	\$ 11,052	\$ -	\$ 583,779	\$ 247	\$ -

Expense Projections

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Site Systems (Infrastructure)											
First - Resurface asphalt paving - Chip Seal (Cresent Rd & 2 Driveway Ext) every 25 years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
First - Resurface asphalt paving - Chip Seal (Phase 1 Driveways) every 25 years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
First - Resurface asphalt paving - Chip Seal (Phase 2 Driveways) every 25 years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
First - Resurface asphalt paving - Chip Seal (Phase 3 Driveways) every 25 years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
First - Resurface sidewalk asphalt paving - Chip Seal every 25 years (2018)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mechanical, Electrical, Plumbing Systems											
Water - First - Replace 2 Jockey Pumps every 15 years	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water - First - Replace Water Pump Controller, Flowmeter & Expansion Tank every 15 years	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewage - First - Replace 2 WWTF Equalization Tank Pumps every 15 years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewage - 2022 - Procurred 2 (out of 3) WWTF Bioclere Tank Pumps (Operating Budget)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewage - First - Replace 2 WWTF Dosing Chamber Tank Pumps every 15 years	\$ -	\$ -	\$ -	\$ -	\$ 5,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewage - First - Replace 1 WWTF Flow Meter every 15 years	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewage - First - Replace 2 Air Release Valves every 10 years	\$ -	\$ -	\$ -	\$ 16,631	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water - Second - Replace 2 Jockey Pumps every 15 years	\$ -	\$ -	\$ -	\$ 13,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water - Second - Replace Water Pump Controller, Flowmeter & Expansion Tank every 15 years	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewage - Second - Replace 2 WWTF Equalization Tank Pumps every 15 years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewage - Second - Replace 3 WWTF Bioclere Tank Pumps every 10 years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,326	\$ -	\$ -
Sewage - Second - Replace 2 WWTF Dosing Chamber Tank Pumps every 15 years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewage - Second - Replace 1 WWTF Flow Meter every 15 years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewage - Second - Replace 2 Air Release Valves every 10 years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,752	\$ -	\$ -
Sewage - Third - Replace 3 WWTF Bioclere Tank Pumps every 10 years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewage - Third - Replace 2 Air Release Valves every 10 years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building - Exterior											
Replace roofing (Phase 1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replace roofing (Phase 2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replace roofing (Phase 3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replace roofing/repair mailbox structure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,232
Replace decks (Phase 1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replace decks (Phase 2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replace decks (Phase 3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building - Interior											
Other											
Total Annual Expenses	\$ 54,500	\$ -	\$ -	\$ 35,479	\$ -	\$ -	\$ -	\$ -	\$ 23,078	\$ -	\$ 4,232
Fully Funded Budget (FFB)	\$ 486,793	\$ 509,630	\$ 591,852	\$ 679,205	\$ 732,779	\$ 827,277	\$ 927,492	\$ 1,033,709	\$ 1,146,225	\$ 1,240,270	\$ 1,364,217
Total Cummulative Expenses	\$ 54,500	\$ 54,500	\$ 54,500	\$ 89,979	\$ 89,979	\$ 89,979	\$ 89,979	\$ 89,979	\$ 113,057	\$ 113,057	\$ 117,289

** To view entire 30 year expense projections please see the approved spreadsheet

Commentary

Procedures Used In Preparing This Study (Virginia Condominium Law Compliance)

For purposes of preparing this report the following Definitions and Procedures apply:

"Capital component" or "Component" has the meaning used in Section 55.1-1900 (Definitions) of the Code of Virginia.

"Remaining Useful Life" means the time reasonably calculated before a capital component will require replacement or repair.

In accordance with Section 55.1-1965 (C-1), the *Component Inventory* included in this study shows the current estimated replacement cost, estimated remaining useful life and estimated useful life of the capital components.

In accordance with Section 55.1-1965 (C-2), the *Funding Plan* included in this study shows the current amount of accumulated cash reserves set aside to repair or replace capital components and the amount of expected contributions to the reserve fund for that fiscal year.

In accordance with Section 55.1-1965 (C-3), A visual inspection was performed on all capital components that the association is obligated to repair, replace, or maintain.

In accordance with Section 55.1-1965 (C-4), the *Funding Plan* included in this study shows the amount of reserves (Annual Reserve Receipts) recommended by the board of directors and the current cash balance for that fiscal year.

Comments Related to the Funding Plan:

The monthly HOA fee for 2024 is \$975/unit-owner/month.

Of the \$975 monthly fee, \$105/unit-owner/month is set aside for reserve funding for 2024. This amount will escalate 3% per year each year thereafter.

The board has set (2) Funding Goals to ensure sufficient reserves are available to meet capital expense requirements.

Funding Goal 1 is to maintain a minimum of \$275K reserve balance. Funding Goal 2 is set to maintain a "Percent Funded" level of 70%.

There are (4) years that reserves may fall short of our "Percent Funded" goal. Those years are highlighted in Red in the *Funding Plan*.

At present the board feels that given the cash on hand at these (4) points in time no additional action or assessments will be required.

Background Information

44 duplex units located on 38 acres in Fairfax, Virginia. Access is via a private road with minimal external traffic.

Generally maintenance free exteriors (Certainteed vinyl siding & Azek trim & decking).

The community was developed in the following phases:

Phase 1: (16 Units)

Phase 2: (17Units)

Phase 3: (11 Units)

Components Excluded & Reason(s) Why

Concrete septic tanks. Useful life of tanks is > 40 years. (Long-life item)

Irrigation equipment. Repairs are part of operating budget.

Exterior Doors & Windows. Homeowner's responsibility per Master Deed

Owner installed privacy fences. Homeowner's responsibility per Master Deed

Cable infrastructure: Maintained by Verizon.

Disclaimers

1. The scope of this analysis is limited to visual observations only. We have not removed any surface material, performed any invasive testing, moved any furniture or equipment, or engaged in any excavation. As a result, we are unable to comment on systems that we cannot see, and are not responsible for conditions that we cannot see or were not included in this analysis.

There is no warranty of condition implied in this report.

2. As part of our analysis, we have provided cost estimates and life expectancies for the components included. These are estimates based on our general experience in building systems and contracting and construction. Actual costs may vary significantly depending on qualified contractors working on the project and many other factors, as such we cannot guarantee the absolute accuracy of the cost estimates we provide.