Otter Pond Homeowner's Association

Closing Year: 2024 Reserve Study

Executive Summary Projection

Otter Pond HOA			Per Parcel (85)	
Beginning Reserve Fund Balance		$49,569		$ 583
HOA Contribution	$ 0		$ 0	
Earnings on Reserve Investments	$ 793		$ 9	
Expected Disbursements	($ 8,098)		($ 95)	
Unexpected Changes and Withdrawals	$16,811		$ 198	
Projected Changes to Yearly Reserve		$ 9,506		$112
Projected Ending Reserve Fund Balance		$ 59,075		$ 695
Yearly Reserve Allotted to Components		($40,343)		($ 475)
Unallotted Reserve Fund Surplus (Deficit)		$18,732		$ 220

Inflation Rate Used: 4.00%

The Reserve Study Funding analysis and this document were both prepared by the Otter Pond HOA Reserve Committee using their best depiction of available data for the Otter Pond Homeowner's Association, hereinafter known as "HOA". The above Otter Pond HOA data is shown in both the 2024 Projected Reserves Component Cash Allotment Study and a Projected 5-Year Reserve Study. The Per Parcel data is only shown in this report. This shows our Projected Ending Reserve Fund Balance represents $695 per household. 2024 HOA Annual Dues were $465. So, the Reserve fund balance represents just less than 1.5 times the HOA Annual Dues.

The Reserve Fund for 2024, as shown above, is **ABOVE** the targeted funding range of 100%. The 2024 Closing Year Projected Reserves Component Cash Allotment Study shows the Reserves for the Otter Pond HOA is funded at 102.69% of depreciated value, which is ideal. Associations below this range could have a higher risk of Reserve cash-flow problems, such as the need for Special Assessments, and/or deferred maintenance in the near future. This is NOT considered to be absolute but is an indicator of the current Reserve Funds that are required to pay for the replacement or repair of major assets owned by the HOA after their useful life has expired.

Based upon the above data, our recommendation is to continue Reserve contributions due to the below reasons:

The Projected 5-Year Reserve Study is designed to provide for the timely execution of Reserve projects and to maintain an annual contribution which would allow the HOA to be "Fully Funded". Some years may have an Unallotted Reserve Fund Surplus that seems high, but that is in anticipation of "smoothing out" future years of disbursement requirements so as not to place an undue financial burden on the HOA member.

Based upon rapidly changing market conditions, it is anticipated that an updated study should be done on an annual basis.