



## 1. RESERVE STUDY EXECUTIVE SUMMARY

**Client:** Stephens Grove Homeowner's Association, Inc. (Stephens Grove)  
**Location:** Huntersville, North Carolina  
**Reference:** 118137

**Property Basics:** Stephens Grove Homeowner's Association, Inc. is a homeowners association which is responsible for the common elements shared by 304 single family homes. The community was built from 1998 to 2006.

**Reserve Components Identified:** 28 Reserve Components.

**Inspection Date:** August 13, 2020. We conducted the original inspection on July 6, 2011.

**Funding Goal:** The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2050 due to replacement of the tennis court surface and tennis court light poles and fixtures.

**Cash Flow Method:** We use the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. Our application of this method also considers:

- Current and future local costs of replacement
- 0.9% anticipated annual rate of return on invested reserves
- 2.0% future Inflation Rate for estimating Future Replacement Costs

**Sources for Local Costs of Replacement:** Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

**Cash Status of Reserve Fund:**

- \$289,589 as of August 4, 2020
- 2020 budgeted Reserve Contributions of \$40,339

**Project Prioritization:** We note anticipated Reserve Expenditures for the next 30 years in the *Reserve Expenditures* tables and include a *Five-Year Outlook* table following the *Reserve Funding Plan* in Section 3. We recommend the Association prioritize the following projects in the next five years based on the conditions identified:

- Pool Finishes, Plaster

**Recommended Reserve Funding:** We recommend the following in order to achieve a stable and equitable Funding Plan:

- Increase to \$42,700 in 2021
- Inflationary increases from 2022 through 2050, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$2,361 represents an average monthly increase of \$0.65 per homeowner and about an one percent (1.2%) adjustment in the 2020 total Operating Budget of \$204,762.



### Stephens Grove Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2021	42,700	229,421	2031	52,100	107,957	2041	63,500	194,621
2022	43,600	240,249	2032	53,100	152,076	2042	64,800	212,242
2023	44,500	266,048	2033	54,200	191,906	2043	66,100	280,550
2024	45,400	266,396	2034	55,300	229,704	2044	67,400	316,042
2025	46,300	137,123	2035	56,400	250,626	2045	68,700	263,522
2026	47,200	147,850	2036	57,500	310,640	2046	70,100	277,146
2027	48,100	197,497	2037	58,700	355,901	2047	71,500	226,033
2028	49,100	211,728	2038	59,900	186,625	2048	72,900	269,816
2029	50,100	154,896	2039	61,100	196,575	2049	74,400	256,690
2030	51,100	66,267	2040	62,300	159,485	2050	75,900	35,114

