

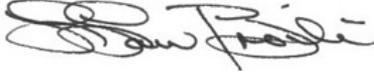
**LEVEL 2
RESERVE STUDY UPDATE
POINTE WOODWORTH
HOMEOWNERS ASSOCIATION**

Tacoma, WA

January 1, 2014 – December 31, 2014



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Washington Condominium Act

“This reserve study should be reviewed carefully. It may not include all common and limited common element components which will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay, on demand, as a special assessment, your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.”

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The National Reserve Study Guidelines established by the *Community Associations Institute* (CAI) recommend that the annual reserve study update include a new onsite assessment every 3 years. Washington state law requires that the annual reserve study update include a new onsite assessment every 3 years. The next year in which an onsite assessment is required will be 2013.

If the reader has obtained this reserve study from anyone other than representatives of Capital Reserve Consultants, LLC, they should verify that this version represents the most recent update of the Association’s reserve study. Alterations made to this reserve study by any individual other than a representative of Capital Reserve Consultants, LLC (CRC) are not authorized and do not represent the opinion of the reserve advisors who prepared this reserve study.

Carson M. Horton, RS, the person supervising the preparation of this reserve study, is a Community Associations Institute Certified *Reserve Specialist* (RS); recognized for expertise in the preparation and analysis of reserve funding plans.

The authors of this reserve study have no other involvement with the owners association which is the subject of this reserve study other than to prepare or update the reserve study.

Capital Reserve Consultants, LLC and Carson M. Horton, RS, are independent third party consultants with no actual or apparent conflict of interest which would prevent them from rendering an objective and impartial opinion regarding the appropriate level of reserve funding for the Association.

The purpose of this reserve study is to provide a planning and budgeting tool to assist in the development of a long range financial plan for the Association. Because this reserve study relies on assumptions regarding future events over which CRC has no control, the accuracy of replacement costs and scheduling cannot be guaranteed.

For the purposes of this reserve study all components and equipment are assumed to have been installed correctly, in a workmanlike manner, using generally accepted construction practices. It is expected routine preventive maintenance will be performed throughout the entire lifecycle of all components whether or not such maintenance expenses are provided for in this reserve funding plan or not.

The component replacement schedules and corresponding funding projections presented in this reserve study assume all components will achieve their normal life expectancy before requiring replacement; unless otherwise noted.

Information regarding the beginning reserve fund balance was provided by the Board of Directors and is

**Pointe Woodworth Homeowners Association
Disclosures**

assumed to be correct for the purposes of this reserve study.

The authors of this reserve study have no control over whether a special assessment will occur at any time during or after the period of time covered in this reserve study. CRC makes no guarantee, express or implied, that a special assessment will not occur during the time period covered by this reserve study.

The reserve study is a reflection of information provided to CRC by third parties and cannot be used for the purpose of performing an audit, forensic analysis or verification of historical records. Information regarding the Association's financial condition, including the projected reserve fund balance as of the beginning date of the study, has been provided by representatives of the Association. The information is deemed reliable, but is not based on an audit of the Association's financial condition, and should not be used for purposes other than those intended in this study. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

Information which has been provided to CRC by third parties is deemed reliable for the purpose of this reserve study. Third party information which is incorrect may have a material impact on the Association's reserve funding requirements. CRC takes no responsibility for the accuracy of any such information or the impact inaccurate information may have on the findings and conclusions presented in this reserve study.

This reserve study was prepared in accordance with nationally recognized guidelines for the preparation of reserve studies for common interest developments established by the Community Associations Institute; and the rules set forth in the Audit & Accounting Guide Common Interest Realty Associations (May 1, 2008), published by the American Institute of Certified Public Accountants for maintaining a fund for Future Major Repairs and Replacements.

No invasive or destructive testing has been employed in the investigative phase of this study and no environmental assessment of any kind was performed. This reserve study is not intended to address or discover construction defects and no representation is made herein that is meant to imply any such warranty.

Pointe Woodworth Homeowners Association

Introduction

1. Level of Inquiry: This reserve study is a Level 2 Reserve Study Update. Washington state law (RCW 64.38) defines a Level 2 Reserve Study Update as an update of a previous reserve study which includes a site visit.

This Reserve Study is an analysis of the general and limited common elements which are the responsibility of the *Pointe Woodworth Homeowners Association* (hereafter referred to as the "Association") to maintain and replace, according to the governing documents; or as may be required by state law.

Opinions regarding the current condition and remaining life expectancy of the common area components are based on visual observations made during the inspection process. Component quantities may be based on field measurements, a physical inventory and/or association records. This information is intended to be used for developing long term reserve funding projections, but should not be considered adequate for the purpose of ordering materials or formulating repair and replacement project costs.

2. General Description: The *Pointe Woodworth Homeowners Association* is a gated, planned community located in Tacoma, WA. The community contains 180 deeded residential lots. The Association is responsible for the maintenance repair and replacement of private roads, landscaping and park areas; perimeter fencing and gates; drainage improvements and a basketball court.

3. Limitations of the Analysis: The physical condition assessment performed in conjunction with this reserve study is not intended to identify construction defects or other sub-standard conditions which may require immediate corrective action. The reserve study utilizes information obtained from the following sources to arrive at component replacement costs and useful life estimates for the common area components identified in the component inventory:

- RS Means CostWorks – 2009-2013
- Life Cycle Costing for Facilities – (Reed Construction Publishers)
- Study of Life Expectancy of Home Components – 2007 (NAHB)
- Preventive Maintenance and Building Operations Efficiency – (BOMA)
- Facility Manager's Maintenance Handbook – (McGraw-Hill)
- RS Means Facilities Maintenance & Repair Cost Data - 16th Edition
- 2011 Reserve Study Update for the Pointe Woodworth Homeowners Association prepared by Association Reserves - Federal Way, WA

4. Funding Timeframe: The funding time frame covered in this reserve study is 30 years. However, the study must be updated annually to remain current. Failure to maintain a current reserve study may affect the ability of owners and prospective buyers to obtain certain types of mortgage financing. The efficacy of any reserve study will be compromised if annual updates are not completed in a timely manner. Reserve studies which are not updated on an annual basis are not considered current by most mortgage lenders and mortgage insurance underwriters, including the Federal Housing Administration.

SECTION I

PHYSICAL ANALYSIS

**Pointe Woodworth Homeowners Association
Property Summary**

The following details pertain to *Pointe Woodworth Homeowners Association*:

- 1. Legal Name of Association:** Pointe Woodworth Homeowners Association
- 2. Mailing Address:** P. O. Box 26152, Federal Way, WA. 98093
- 3. Property Type:** Planned Development
- 4. Number of Residential Lots:** 180
- 5. Year Constructed:** 1998
- 6. Incorporation Date:** October 14, 1998
- 7. Association Responsibilities:** The Association is responsible for repair and replacement of General and Limited Common Elements as described in the Declaration for the Association.
- 8. Owner Responsibilities:** Owners are responsible for the maintenance, repair and replacement costs relating to their respective the improvement to their property up to the boundary of the lot as illustrated on the official plat and as described in the Declaration for the Association.

SECTION II

FINANCIAL ANALYSIS

Pointe Woodworth Homeowners Association Current & Projected Funding Analysis

1. Current Financial Condition: The fiscal year for the *Pointe Woodworth Homeowners Association* begins January 1st of each year.

This reserve study covers the 30 year period between: **January 1, 2014** and **December 31, 2043**.

The reserve fund balance assumed as of **January 1, 2014** is projected to be: **\$136,127.00**.

The reserve fund contribution scheduled for the **2013** fiscal year is estimated to be: **\$41,400.00**.

Based on the funding schedule set forth in this reserve study, and the beginning reserve fund balance indicated above, the percent funded level as of **January 1, 2014** will be **27%**, assuming a reserve fund balance of **\$136,127.00** as of **January 1, 2014**.

2. Percent Funded Level: The percent funded level resulting from this reserve study analysis is calculated using the following formula, which is mandated by the Community Associations Institute's Reserve Study Guidelines:

Fully Funded = PV x CA / EUL.

Where PV = present value; CA = current age; and EUL = expected useful life.

Hence the Fully Funded calculation for a component with a current age of 3 years, a present value of \$10,000 and an expected useful life of 10 years would be:

$\$10,000 \times 3 / 10 = \$3,000.00$.

Therefore, the total amount of money required to be Fully Funded as of the first day of the current funding cycle would be \$3,000.00.

3. Funding Parameters & Projections: Reserve funds will be accumulated in the replacement fund based on the estimated current replacement cost, adjusted for inflation, of the common area components listed in the Component Inventory. If additional funds are required at the time replacement occurs, the Association reserves the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay repair or replacement of components until funds are available.

Actual costs may vary from the amounts established in this reserve study. Investment income and income tax levels may affect reserve funding levels and the variances may be material. Amounts accumulated in the replacement reserve fund may not be adequate to meet future funding requirements; particularly if updates are not performed in a timely manner, or if reserve contributions are not consistent with the amounts set forth in this reserve study.

The reserve funding projections which result from this reserve study utilize the following financial parameters:

- A minimum reserve fund balance of **\$136,127.00** as of **January 1, 2014**.
- A minimum reserve fund contribution for **2014** in the amount of: **\$65,000.00**.
- A maximum annual increase in the reserve contribution of: **6.0%**.
- Earnings on reserve deposits: **0.10%**
- Annual inflation rate: **3.0%**

**Pointe Woodworth Homeowners Association
Current & Projected Funding Analysis**

- Effective income tax rate: **30%**
- Reserve fund contingency: **0%**

The Annual Reserve Fund Expenditure Detail indicates the next reserve expenditures scheduled to occur will be in the year **2014**.

The total amount of these expenditures is estimated to be: **\$80,390.00**.

4. Percent Funded Levels: The 30 year funding projection contained in this reserve study utilizes a cash flow funding method known as *Current Assessment Funding*. Current Assessment Funding is a reserve funding model in which the first year, or *current*, reserve fund contribution is established by the board of directors or the *Reserve Specialist*.

Current Assessment Funding: The percent funded level under the Current Assessment Funding Projection will be **26%** at the end of the **2014** fiscal year, assuming the reserve fund activity is consistent with the schedule set forth in this study.

The highest percent funded level under the Current Assessment Funding Projection is **84%** in the year **2027**.

The lowest percent funded level after 2014 is **35%** in the year **2015**.

The Current Assessment Funding Projection begins with a first year reserve fund contribution of **\$65,000.00** which equals **\$361.11** per lot.

The Current Assessment Funding Projection included in this reserve study represents the contribution schedule required to meet the reserve obligations set forth in this reserve study for the next thirty years, assuming a first year contribution of **\$65,000.00** and a maximum annual increase of **6.0%** throughout the thirty year period covered by this reserve study.

5. Funding Recommendations: The Current Assessment Funding Projection results in year-end percent funded levels which range from **26%** in **2014** to a high of **84%** in **2027**. The Current Assessment Funding Projection will provide adequate reserves to meet the financial obligations of the Association's reserve funding program, assuming the contribution and expenditure schedules do not deviate from those set forth in this reserve study.

**Pointe Woodworth Homeowners Association
Distribution of Accumulated Reserves**

Report Date July 20, 2013
 Beginning Fiscal Year January 01, 2014
 Account Number WA-1211-003

Version Number Level 2 U

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Asphalt Roads-Maintenance	0	2014	18,320	18,320
Basketball Equipment-Replacement	0	2014	4,000	4,000
Drainage Shelves-Maintenance & Repair	0	2014	4,000	4,000
Entrance Access Control Panels-Replacement	0	2014	7,000	7,000
Gate Operators-Replacement	0	2014	9,400	9,400
Play Equipment-Replacement	0	2014	25,000	25,000
Surveillance System-Replacement	0	2014	7,500	7,500
Wood Perimeter Fencing-Paint & Seal	0	2014	5,170	5,170
Picnic Assets-Replacement	1	2015	2,361	2,361
Exterior Paint-Lighthouse	2	2016	4,000	4,000
Perimeter Wall-Maintenance (C.M.U.)	2	2016	5,760	5,760
Wood Perimeter Fencing-Replacement	3	2017	27,166	27,166
Basketball Court Fence-Replacement	4	2018	3,744	3,744
Mailboxes-Replacement	4	2018	*12,706	17,920
Entrance Gates-Replacement	9	2023		15,360
Signage-Replacement	9	2023		3,200
Asphalt Roads-Resurfacing (a)	14	2028		172,747
Basketball Court-Resurfacing	14	2028		7,680
Metal Fencing & Gates-Replacement (Entries)	14	2028		2,267
Perimeter Fencing-Chain Link-Replacement	14	2028		50,880
Retention Pond Fencing-Chain Link-Replacement	14	2028		7,056
Asphalt Path-Resurfacing (Park)	18	2032		6,970
Asphalt Roads-Resurfacing (b)	18	2032		58,220
Street Lights-Replacement	19	2033		32,183
Total Asset Summary			\$136,127	\$497,903
			Fully Funded Level	27%

'' Indicates Partially Funded*

SECTION III

RESERVE FUNDING PROJECTIONS

Pointe Woodworth Homeowners Association Explanation of Reserve Funding Projections

This section of the reserve study provides an explanation of the funding models used by most *Reserve Specialists* to develop the annual funding projections such as the three projections presented here. These funding projections are intended to provide examples of various funding strategies which are all designed to meet the financial goals set forth in this reserve study.

Each of the funding projections which follow will generate sufficient reserve contributions to pay for the projected expenditures scheduled in this reserve study, based on the same frequency of expenditure and replacement cost estimates. The differences in the annual contribution levels are impacted by the degree of safety, or margin of error, built into each funding schedule.

This margin of error is illustrated by a concept known as the percent funded level. The percent funded level measures the degree to which the Association's funding program is keeping pace with the economic loss in value of the common area components which are the subject of the reserve study.

In simple terms, if the cumulative loss in value of all common area components is \$100,000 at a particular point in time and the Association's accumulated reserve fund balance totals \$50,000 at that same point in time; then the percent funded level is said to be 50%. The percent funded level is always measured as of the first day of the Association's fiscal year.

For purposes of comparison, a percent funded level of 50% to 60% is generally considered the minimum acceptable level required to maintain a reasonable margin of error in the event any reserve expenditures exceed the amount or frequency set forth in the reserve study. As long as the amount and frequency of the scheduled expenditures do not deviate from those set forth in the reserve study, the Association will always have enough money in its reserve account to pay for scheduled expenditures regardless of what the percent funded level is at any particular point in time.

When the association's reserves are less than 100% funded there is always a risk that a deviation in the funding cycle, or the amount of a scheduled expenditure, could result in the lack of adequate funds to pay for the expense depending on the degree to which the reserves are not fully funded.

For this reason it is generally viewed as a good reserve funding policy to maintain a percent funded level as high as possible. Fully funded reserves, also known as 100% funding, are generally considered to be an "ideal" level of funding, although in most cases a fully funded reserve account is not necessary to maintain an adequate margin of error in the Association's funding plan.

1. Reserve Funding Models: This reserve study contains a reserve funding projection which utilizes a Cash Flow Funding Model known as *Current Assessment Funding*.

Cash Flow Funding Model: Cash Flow Funding is a reserve funding approach which is designed to generate sufficient incoming *cash flow* into the Association's reserve account to meet the funding obligations established in the reserve study. Assuming the cost and frequency of reserve expenditures does not deviate from the schedule set forth in the reserve study; the Association's reserve fund will always contain enough money to meet its funding obligations, regardless of the percent funded level at any point in time.

All cash flow funding methods result in the pooling of reserves. Pooled reserves occur when all reserve funds are accumulated in one reserve account and the current reserves are allocated to pay for reserve expenditures based on chronological urgency or discretionary action taken by the Board of Directors. Reserves accumulated in a pooled reserve fund may only be used to pay for current or future reserve obligations and will automatically be reallocated to pay for other scheduled expenditures if 100% of the amount allocated to pay for a specific

Pointe Woodworth Homeowners Association
Explanation of Reserve Funding Projections

expenditure is not used to pay for the expense at the time it is scheduled to occur.

Funds collected for the purpose of providing replacement reserves to pay for repair and replacement of common elements may not be used to pay for operating expenses or any expenses which are not specifically identified as reserve expenditures in the current reserve study.

Current Assessment Funding Model: The Current Assessment Funding Projection that appears in this reserve study is a cash flow funding model which has been designed to generate the minimum annual contribution schedule required to meet the funding obligations set forth in this reserve study assuming a first year reserve contribution of **\$65,000.00**, which equals **\$361.11** per lot.

Current Assessment Funding is often used when an association has already approved the annual reserve contribution for the current fiscal year; or when the Board of Directors wants to compare the current approved level of funding to an “ideal” funding schedule in order to measure the relative strength of the Association’s current reserve funding practices.

2. Reserve Funding & Disclosure Requirements: The reserve funding projections presented in this reserve study are intended to serve as a guide to help frame the minimum and maximum funding levels which should be considered by the *Pointe Woodworth Homeowners Association* Board of Directors.

The Association is not obligated under Washington law to adopt any particular method of reserve funding or to maintain any minimum percent funded level. The Association is required to fund the reserve account in an amount which is determined to be *sufficient* to meet the reserve funding requirements of the Association, in the opinion of the Board of Directors.

**Pointe Woodworth Homeowners Association
Current Assessment Funding Summary**

Report Date	July 20, 2013
Account Number	WA-1211-003
Version	Level 2 Update
Budget Year Beginning	January 01, 2014
Budget Year Ending	December 31, 2014
Total Units	180
Phase Development	1 of 1

Report Parameters	
Inflation	3.00%
Interest Rate on Reserve Deposit	0.10%
Tax Rate on Interest	30.00%
2014 Beginning Balance	\$136,127.00

This funding projection utilizes the Current Assessment Funding Model to generate the funding schedule on the following page. Current Assessment Funding is a cash flow funding method which begins with a first year reserve contribution equal to the current annual contribution approved by the Association for the most recent fiscal year or an amount which is specified to meet the funding obligations of the Association.

Current Assessment Funding is often used when an association has already approved the annual reserve contribution for the current fiscal year or when the current level of funding is inadequate to meet the funding obligations set forth in the reserve study, and it is therefore necessary to specify the minimum level of funding which will meet the obligations imposed by the Association's reserve funding plan.

Reserves accumulated under a Current Assessment Funding Model Projection are pooled. Pooling of reserves refers to the fact that all funds are maintained in one fund and are allocated based on the annual cash flow required to meet the reserve funding obligations of the Association.

Current Assessment Funding Model Summary of Calculations	
Required Annual Contribution	\$65,000.00
<i>\$361.11 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$84.52</u>
Total Annual Allocation to Reserves	\$65,084.52
<i>\$361.58 per unit annually</i>	

**Pointe Woodworth Homeowners Association
Current Assessment Funding Projection**

Report Date July 20, 2013
 Beginning Fiscal Year January 01, 2014
 Account Number WA-1211-003

Version Number Level 2 U

Beginning Balance: \$136,127

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2014	867,685	65,000	85	80,390	120,822	463,441	26%
2015	893,716	68,900	131	2,575	187,278	522,076	35%
2016	920,527	73,034	157	36,622	223,846	549,841	40%
2017	948,143	77,416	186	34,924	266,525	581,599	45%
2018	976,587	81,287	205	55,600	292,416	595,140	49%
2019	1,005,885	85,351	247	25,585	352,429	640,652	55%
2020	1,036,061	89,619	291	26,651	415,687	688,061	60%
2021	1,067,143	93,203	356		509,247	765,189	66%
2022	1,099,157	96,932	405	28,274	578,308	818,051	70%
2023	1,132,132	100,809	449	37,838	641,728	864,679	74%
2024	1,166,096	103,833	480	59,656	686,385	892,687	76%
2025	1,201,079	103,833	553		790,771	983,043	80%
2026	1,237,111	103,833	592	49,217	845,979	1,028,799	82%
2027	1,274,225	103,833	665		950,477	1,127,110	84%
2028	1,312,451	103,833	237	716,211	338,335	514,183	65%
2029	1,351,825	103,833	246	90,471	351,943	510,692	68%
2030	1,392,380	103,833	294	35,817	420,254	563,897	74%
2031	1,434,151	103,833	367		524,454	656,726	79%
2032	1,477,176	103,833	219	315,452	313,053	439,165	71%
2033	1,521,491	98,642	199	127,831	284,063	405,045	70%
2034	1,567,136	93,709	208	80,173	297,807	419,974	70%
2035	1,614,150	89,024	271		387,102	518,013	74%
2036	1,662,574	84,573	284	66,144	405,815	555,413	73%
2037	1,712,451	80,344	296	63,076	423,379	599,643	70%
2038	1,763,825	76,327	280	100,420	399,566	610,574	65%
2039	1,816,740	78,617	302	46,210	432,275	678,845	63%
2040	1,871,242	80,975	326	48,135	465,441	750,124	62%
2041	1,927,379	83,404	384		549,230	874,647	62%
2042	1,985,200	85,907	409	51,067	584,479	954,900	61%
2043	2,044,756	88,484	471		673,433	1,091,780	61%

SECTION IV

COMPONENT INVENTORY REPORTS

Pointe Woodworth Homeowners Association Explanation of Component Inventory Reports

This section of the reserve study provides a narrative summary and tabular compilations of the common area components which are the subject of this reserve funding analysis. A brief explanation of each report contained in Section II is included here for those readers who may be unfamiliar with the information provided in a reserve study.

1. Component Inventory Summary: This report provides a summary of the component inventory which is a condensed version of the information found in the Component Detail Reports which appears at the end of Section II. The components are grouped by the component category to which they have been assigned, and are listed within each category according to the remaining life expectancy of the component. Other information found in this report includes the *in-service date, current cost, useful life, remaining life, future cost* and *current cost* of each component.

2. Component Inventory by Remaining Life Expectancy: This report displays the component inventory sorted by the remaining life expectancy of each component which is included in the reserve funding schedule. Expenditures which are scheduled to recur more than one time over the 30 year period covered by the study will only appear one time in this list based on the next scheduled year of occurrence. Other information provided in this report includes the next scheduled *year of replacement, useful life, current cost, assigned reserves* and the amount required for each component to be *fully funded* as of the beginning date of the reserve study. If the assigned reserves are equal to the fully funded amount shown in the far right-hand column then the component in question is said to be fully funded.

3. Component Inventory with Current Costs: This report again displays the component inventory by category and remaining life expectancy. It also includes the component quantity based on the unit of measure (SF, SY, LF, etc.), the unit cost which has been used to arrive at the total replacement cost, and the current replacement cost as of the beginning date of the reserve study.

4. Component Detail Reports: This report, which is found in the Appendix, reflects all of the component data which has been input into the modeling database to develop the reserve funding projections contained in the reserve study. If a photographic inventory has been included in the reserve study a picture of each component will also appear in this report. Most of the information contained in this report is also displayed in one or more of the Component Inventory reports found in Section II.

**Pointe Woodworth Homeowners Association
Component Inventory Summary**

Report Date July 20, 2013
 Beginning Fiscal Year January 01, 2014
 Account Number WA-1211-003

Version Number Level 2 U

Description	Asset ID	Date In Service	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Asphalt & Concrete Pavement									
Asphalt Roads-Maintenance		01/01/12	18,320	2	0	0	18,320	229000 @	0.08
Asphalt Roads-Resurfacing (a)		01/01/98	323,900	30	0	14	489,928	158000 @	2.05
Asphalt Path-Resurfacing (Park)		01/01/02	17,425	30	0	18	29,665	8500 @	2.05
Asphalt Roads-Resurfacing (b)		01/01/02	145,550	30	0	18	247,789	71000 @	2.05
Drainage Improvements									
Drainage Shelves-Maintenance & Repair									
		01/01/12	4,000	2	0	0	4,000	1 @	4,000.00
Fencing & Barrier Walls									
Gate Operators-Replacement		01/01/08	9,400	5	0	0	9,400	2 @	4,700.00
Wood Perimeter Fencing-Paint & Seal		01/01/07	5,170	5	1	0	5,170	940 @	5.50
Perimeter Wall-Maintenance (C.M.U.)		01/01/06	7,200	10	0	2	7,638	800 @	9.00
Wood Perimeter Fencing-Replacement		01/01/97	31,960	20	0	3	34,924	940 @	34.00
Entrance Gates-Replacement		01/01/98	24,000	25	0	9	31,315	2 @	12,000.00
Metal Fencing & Gates-Replacement (Entries)		01/01/98	4,250	30	0	14	6,429	50 @	85.00
Perimeter Fencing-Chain Link-Replacement		01/01/98	95,400	30	0	14	144,301	5300 @	18.00
Retention Pond Fencing-Chain Link-Replacement		01/01/98	13,230	30	0	14	20,012	735 @	18.00
Lighting									
Street Lights-Replacement		01/01/98	70,400	35	0	19	123,447	32 @	2,200.00
Mailboxes & Signage									
Mailboxes-Replacement		01/01/98	22,400	20	0	4	25,211	14 @	1,600.00
Signage-Replacement		01/01/98	5,000	25	0	9	6,524	1 @	5,000.00
Paint & Coatings									
Exterior Paint-Lighthouse		01/01/06	5,000	10	0	2	5,304	1 @	5,000.00
Recreational Amenities									
Basketball Equipment-Replacement		01/01/98	4,000	15	0	0	4,000	1 @	4,000.00
Play Equipment-Replacement		01/01/97	25,000	15	1	0	25,000	1 @	25,000.00
Picnic Assets-Replacement		01/01/97	2,500	18	0	1	2,575	1 @	2,500.00
Basketball Court Fence-Replacement		01/01/98	4,680	20	0	4	5,267	180 @	26.00

**Pointe Woodworth Homeowners Association
Component Inventory Summary**

Description	Asset ID	Date In Service	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
<i>Recreational Amenities continued...</i>									
Basketball Court-Resurfacing		01/01/98	14,400	30	0	14	21,781	6400 @	2.25
Security Equipment									
Entrance Access Control Panels-Replacement									
		01/01/98	7,000	15	0	0	7,000	2 @	3,500.00
Surveillance System-Replacement		01/01/09	7,500	5	0	0	7,500	1 @	7,500.00

**Pointe Woodworth Homeowners Association
Component Inventory by Remaining Life Expectancy**

Report Date July 20, 2013
 Beginning Fiscal Year January 01, 2014
 Account Number WA-1211-003

Version Number Level 2 U

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Asphalt Roads-Maintenance	2014	2	0	0	18,320	18,320	18,320
Basketball Equipment-Replacement	2014	15	0	0	4,000	4,000	4,000
Drainage Shelves-Maintenance & Repair	2014	2	0	0	4,000	4,000	4,000
Entrance Access Control Panels-Replacement	2014	15	0	0	7,000	7,000	7,000
Gate Operators-Replacement	2014	5	0	0	9,400	9,400	9,400
Play Equipment-Replacement	2014	15	1	0	25,000	25,000	25,000
Surveillance System-Replacement	2014	5	0	0	7,500	7,500	7,500
Wood Perimeter Fencing-Paint & Seal	2014	5	1	0	5,170	5,170	5,170
Picnic Assets-Replacement	2015	18	0	1	2,500	2,361	2,361
Exterior Paint-Lighthouse	2016	10	0	2	5,000	4,000	4,000
Perimeter Wall-Maintenance (C.M.U.)	2016	10	0	2	7,200	5,760	5,760
Wood Perimeter Fencing-Replacement	2017	20	0	3	31,960	27,166	27,166
Basketball Court Fence-Replacement	2018	20	0	4	4,680	3,744	3,744
Mailboxes-Replacement	2018	20	0	4	22,400	12,706	17,920
Entrance Gates-Replacement	2023	25	0	9	24,000	0	15,360
Signage-Replacement	2023	25	0	9	5,000	0	3,200
Asphalt Roads-Resurfacing (a)	2028	30	0	14	323,900	0	172,747
Basketball Court-Resurfacing	2028	30	0	14	14,400	0	7,680
Metal Fencing & Gates-Replacement (Entries)	2028	30	0	14	4,250	0	2,267
Perimeter Fencing-Chain Link-Replacement	2028	30	0	14	95,400	0	50,880
Retention Pond Fencing-Chain Link-Replacement	2028	30	0	14	13,230	0	7,056
Asphalt Path-Resurfacing (Park)	2032	30	0	18	17,425	0	6,970
Asphalt Roads-Resurfacing (b)	2032	30	0	18	145,550	0	58,220
Street Lights-Replacement	2033	35	0	19	70,400	0	32,183
Total Asset Summary					<u>\$867,685</u>	<u>\$136,127</u>	<u>\$497,903</u>

Fully Funded Level 27%

**Pointe Woodworth Homeowners Association
Component Inventory with Current Costs**

Report Date July 20, 2013
 Beginning Fiscal Year January 01, 2014
 Account Number WA-1211-003

Version Number Level 2 U

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
Asphalt & Concrete Pavement								
Asphalt Roads-Maintenance	2012	2014	2	0	0	229,000 SF	0.08	18,320
Asphalt Roads-Resurfacing (a)	1998	2028	30	0	14	158,000 SF	2.05	323,900
Asphalt Path-Resurfacing (Park)	2002	2032	30	0	18	8,500 SF	2.05	17,425
Asphalt Roads-Resurfacing (b)	2002	2032	30	0	18	71,000 SF	2.05	<u>145,550</u>
Asphalt & Concrete Pavement - Total								\$505,195
Drainage Improvements								
Drainage Shelves-Maintenance & Repair	2012	2014	2	0	0	1 Total	4,000.00	<u>4,000</u>
Drainage Improvements - Total								\$4,000
Fencing & Barrier Walls								
Gate Operators-Replacement	2008	2014	5	0	0	2 EA	4,700.00	9,400
Wood Perimeter Fencing-Paint & Seal	2007	2014	5	1	0	940 LF	5.50	5,170
Perimeter Wall-Maintenance (C.M.U.)	2006	2016	10	0	2	800 LF	9.00	7,200
Wood Perimeter Fencing-Replacement	1997	2017	20	0	3	940 LF	34.00	31,960
Entrance Gates-Replacement	1998	2023	25	0	9	2 EA	12,000.00	24,000
Metal Fencing & Gates-Replacement (Entri..	1998	2028	30	0	14	50 LF	85.00	4,250
Perimeter Fencing-Chain Link-Replacement	1998	2028	30	0	14	5,300 LF	18.00	95,400
Retention Pond Fencing-Chain Link-Replacement	1998	2028	30	0	14	735 LF	18.00	<u>13,230</u>
Fencing & Barrier Walls - Total								\$190,610
Lighting								
Street Lights-Replacement	1998	2033	35	0	19	32 EA	2,200.00	<u>70,400</u>
Lighting - Total								\$70,400
Mailboxes & Signage								
Mailboxes-Replacement	1998	2018	20	0	4	14 EA	1,600.00	22,400
Signage-Replacement	1998	2023	25	0	9	1 Total	5,000.00	<u>5,000</u>
Mailboxes & Signage - Total								\$27,400
Paint & Coatings								
Exterior Paint-Lighthouse	2006	2016	10	0	2	1 Total	5,000.00	<u>5,000</u>
Paint & Coatings - Total								\$5,000

**Pointe Woodworth Homeowners Association
Component Inventory with Current Costs**

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
Recreational Amenities								
Basketball Equipment-Replacement	1998	2014	15	0	0	1 Total	4,000.00	4,000
Play Equipment-Replacement	1997	2014	15	1	0	1 Total	25,000.00	25,000
Picnic Assets-Replacement	1997	2015	18	0	1	1 Total	2,500.00	2,500
Basketball Court Fence-Replacement	1998	2018	20	0	4	180 LF	26.00	4,680
Basketball Court-Resurfacing	1998	2028	30	0	14	6,400 SF	2.25	<u>14,400</u>
Recreational Amenities - Total								\$50,580
Security Equipment								
Entrance Access Control Panels-Replacem..	1998	2014	15	0	0	2 EA	3,500.00	7,000
Surveillance System-Replacement	2009	2014	5	0	0	1 Total	7,500.00	<u>7,500</u>
Security Equipment - Total								\$14,500
Total Asset Summary								<u>\$867,685</u>

SECTION V

RESERVE EXPENDITURE REPORTS

Pointe Woodworth Homeowners Association Explanation of Expenditure Reports

This section of the reserve study includes a series of reports which detail how the Association's reserve funds will be spent over the next 30 years. A brief explanation of each report contained in Section III is included here for those readers who may be unfamiliar with the information provided in a reserve study.

1. Annual Reserve Expenditure Detail: This report provides a year by year summary of the reserve fund expenditures scheduled for each year covered in the reserve study. Expenditures are listed alphabetically in each year when they are scheduled to occur. Hence, an expenditure which is scheduled to occur every 5 years beginning in 2015 will appear for the first time under the 2015 heading and again in years 2020, 2025, 2030 and so on. The projected costs listed for each year take into account the effect of inflation on future replacement costs. Therefore, the replacement cost for a recurring expenditure will be higher each time it appears in this schedule.

2. Annual Expenditure Spread Sheet: This spreadsheet displays the same information as the Annual Reserve Expenditure Detail in a spreadsheet format. The component expenditures are listed by the Component Category to which each component has been assigned, and within each category the components are listed by remaining life expectancy.

3. Capital & Non-Capital Expenditures: This report groups the scheduled reserve expenditures under one of two categories; *Capital Expenditures* or *Non-Capital Expenditures*. In the context of a reserve study capital expenditures are generally defined as expenditures which are for the purpose of *replacing, improving or prolonging* the life expectancy of a common area asset. Non-capital expenditures are expenses incurred to maintain or repair common area assets, but which are not necessarily expected to improve or extend the life expectancy of the asset.

**Pointe Woodworth Homeowners Association
Annual Reserve Expenditure Detail**

Report Date July 20, 2013
 Beginning Fiscal Year January 01, 2014
 Account Number WA-1211-003

Version Number Level 2 U

Description	Expenditures
Replacement Year 2014	
Asphalt & Concrete Pavement	
Asphalt Roads-Maintenance	18,320
Drainage Improvements	
Drainage Shelves-Maintenance & Repair	4,000
Fencing & Barrier Walls	
Gate Operators-Replacement	9,400
Wood Perimeter Fencing-Paint & Seal	5,170
Recreational Amenities	
Basketball Equipment-Replacement	4,000
Play Equipment-Replacement	25,000
Security Equipment	
Surveillance System-Replacement	7,500
Entrance Access Control Panels-Replacement	7,000
Total for 2014	\$80,390
Replacement Year 2015	
Recreational Amenities	
Picnic Assets-Replacement	2,575
Total for 2015	\$2,575
Replacement Year 2016	
Asphalt & Concrete Pavement	
Asphalt Roads-Maintenance	19,436
Drainage Improvements	
Drainage Shelves-Maintenance & Repair	4,244
Fencing & Barrier Walls	
Perimeter Wall-Maintenance (C.M.U.)	7,638
Paint & Coatings	
Exterior Paint-Lighthouse	5,304
Total for 2016	\$36,622

**Pointe Woodworth Homeowners Association
Annual Reserve Expenditure Detail**

Description	Expenditures
Replacement Year 2017	
Fencing & Barrier Walls	
Wood Perimeter Fencing-Replacement	34,924
Total for 2017	<u>\$34,924</u>
 Replacement Year 2018	
Asphalt & Concrete Pavement	
Asphalt Roads-Maintenance	20,619
Drainage Improvements	
Drainage Shelves-Maintenance & Repair	4,502
Mailboxes & Signage	
Mailboxes-Replacement	25,211
Recreational Amenities	
Basketball Court Fence-Replacement	5,267
Total for 2018	<u>\$55,600</u>
 Replacement Year 2019	
Fencing & Barrier Walls	
Gate Operators-Replacement	10,897
Wood Perimeter Fencing-Paint & Seal	5,993
Security Equipment	
Surveillance System-Replacement	8,695
Total for 2019	<u>\$25,585</u>
 Replacement Year 2020	
Asphalt & Concrete Pavement	
Asphalt Roads-Maintenance	21,875
Drainage Improvements	
Drainage Shelves-Maintenance & Repair	4,776
Total for 2020	<u>\$26,651</u>
 <i>No Replacement in 2021</i>	
 Replacement Year 2022	
Asphalt & Concrete Pavement	
Asphalt Roads-Maintenance	23,207

**Pointe Woodworth Homeowners Association
Annual Reserve Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2022 continued...</i>	
Drainage Improvements	
Drainage Shelves-Maintenance & Repair	5,067
Total for 2022	<u>\$28,274</u>
 Replacement Year 2023	
Fencing & Barrier Walls	
Entrance Gates-Replacement	31,315
Mailboxes & Signage	
Signage-Replacement	6,524
Total for 2023	<u>\$37,838</u>
 Replacement Year 2024	
Asphalt & Concrete Pavement	
Asphalt Roads-Maintenance	24,621
Drainage Improvements	
Drainage Shelves-Maintenance & Repair	5,376
Fencing & Barrier Walls	
Gate Operators-Replacement	12,633
Wood Perimeter Fencing-Paint & Seal	6,948
Security Equipment	
Surveillance System-Replacement	10,079
Total for 2024	<u>\$59,656</u>
 <i>No Replacement in 2025</i>	
 Replacement Year 2026	
Asphalt & Concrete Pavement	
Asphalt Roads-Maintenance	26,120
Drainage Improvements	
Drainage Shelves-Maintenance & Repair	5,703
Fencing & Barrier Walls	
Perimeter Wall-Maintenance (C.M.U.)	10,265

**Pointe Woodworth Homeowners Association
Annual Reserve Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2026 continued...</i>	
Paint & Coatings	
Exterior Paint-Lighthouse	7,129
Total for 2026	<u>\$49,217</u>
 <i>No Replacement in 2027</i>	
 Replacement Year 2028	
Asphalt & Concrete Pavement	
Asphalt Roads-Maintenance	27,711
Asphalt Roads-Resurfacing (a)	489,928
Drainage Improvements	
Drainage Shelves-Maintenance & Repair	6,050
Fencing & Barrier Walls	
Metal Fencing & Gates-Replacement (Entries)	6,429
Perimeter Fencing-Chain Link-Replacement	144,301
Retention Pond Fencing-Chain Link-Replacement	20,012
Recreational Amenities	
Basketball Court-Resurfacing	21,781
Total for 2028	<u>\$716,211</u>
 Replacement Year 2029	
Fencing & Barrier Walls	
Gate Operators-Replacement	14,645
Wood Perimeter Fencing-Paint & Seal	8,055
Recreational Amenities	
Basketball Equipment-Replacement	6,232
Play Equipment-Replacement	38,949
Security Equipment	
Surveillance System-Replacement	11,685
Entrance Access Control Panels-Replacement	10,906
Total for 2029	<u>\$90,471</u>

**Pointe Woodworth Homeowners Association
Annual Reserve Expenditure Detail**

Description	Expenditures
Replacement Year 2030	
Asphalt & Concrete Pavement	
Asphalt Roads-Maintenance	29,398
Drainage Improvements	
Drainage Shelves-Maintenance & Repair	6,419
Total for 2030	<u>\$35,817</u>
 <i>No Replacement in 2031</i>	
Replacement Year 2032	
Asphalt & Concrete Pavement	
Asphalt Roads-Maintenance	31,189
Asphalt Path-Resurfacing (Park)	29,665
Asphalt Roads-Resurfacing (b)	247,789
Drainage Improvements	
Drainage Shelves-Maintenance & Repair	6,810
Total for 2032	<u>\$315,452</u>
 Replacement Year 2033	
Lighting	
Street Lights-Replacement	123,447
Recreational Amenities	
Picnic Assets-Replacement	4,384
Total for 2033	<u>\$127,831</u>
 Replacement Year 2034	
Asphalt & Concrete Pavement	
Asphalt Roads-Maintenance	33,088
Drainage Improvements	
Drainage Shelves-Maintenance & Repair	7,224
Fencing & Barrier Walls	
Gate Operators-Replacement	16,977
Wood Perimeter Fencing-Paint & Seal	9,338

**Pointe Woodworth Homeowners Association
Annual Reserve Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2034 continued...</i>	
Security Equipment	
Surveillance System-Replacement	13,546
Total for 2034	\$80,173
 <i>No Replacement in 2035</i>	
 Replacement Year 2036	
Asphalt & Concrete Pavement	
Asphalt Roads-Maintenance	35,103
Drainage Improvements	
Drainage Shelves-Maintenance & Repair	7,664
Fencing & Barrier Walls	
Perimeter Wall-Maintenance (C.M.U.)	13,796
Paint & Coatings	
Exterior Paint-Lighthouse	9,581
Total for 2036	\$66,144
 Replacement Year 2037	
Fencing & Barrier Walls	
Wood Perimeter Fencing-Replacement	63,076
Total for 2037	\$63,076
 Replacement Year 2038	
Asphalt & Concrete Pavement	
Asphalt Roads-Maintenance	37,241
Drainage Improvements	
Drainage Shelves-Maintenance & Repair	8,131
Mailboxes & Signage	
Mailboxes-Replacement	45,535
Recreational Amenities	
Basketball Court Fence-Replacement	9,513
Total for 2038	\$100,420

**Pointe Woodworth Homeowners Association
Annual Reserve Expenditure Detail**

Description	Expenditures
Replacement Year 2039	
Fencing & Barrier Walls	
Gate Operators-Replacement	19,682
Wood Perimeter Fencing-Paint & Seal	10,825
Security Equipment	
Surveillance System-Replacement	15,703
Total for 2039	<u>\$46,210</u>
 Replacement Year 2040	
Asphalt & Concrete Pavement	
Asphalt Roads-Maintenance	39,509
Drainage Improvements	
Drainage Shelves-Maintenance & Repair	8,626
Total for 2040	<u>\$48,135</u>
 <i>No Replacement in 2041</i>	
 Replacement Year 2042	
Asphalt & Concrete Pavement	
Asphalt Roads-Maintenance	41,915
Drainage Improvements	
Drainage Shelves-Maintenance & Repair	9,152
Total for 2042	<u>\$51,067</u>

**Pointe Woodworth Homeowners Association
Annual Expenditure Spread Sheet**

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Asphalt & Concrete Pavement										
Asphalt Roads-Maintenance	18,320		19,436		20,619		21,875		23,207	
Asphalt Roads-Resurfacing (a)										
Asphalt Path-Resurfacing (Park)										
Asphalt Roads-Resurfacing (b)										
Asphalt & Concrete Pavement Total:	18,320		19,436		20,619		21,875		23,207	
Drainage Improvements										
Drainage Shelves-Maintenance & Repair	4,000		4,244		4,502		4,776		5,067	
Drainage Improvements Total:	4,000		4,244		4,502		4,776		5,067	
Fencing & Barrier Walls										
Gate Operators-Replacement	9,400					10,897				
Wood Perimeter Fencing-Paint & Seal	5,170					5,993				
Perimeter Wall-Maintenance (C.M.U.)			7,638							
Wood Perimeter Fencing-Replacement				34,924						
Entrance Gates-Replacement										31,315
Metal Fencing & Gates-Replacement (Entri..										
Perimeter Fencing-Chain Link-Replacement										
Retention Pond Fencing-Chain Link-Replac..										
Fencing & Barrier Walls Total:	14,570		7,638	34,924		16,891				31,315
Lighting										
Street Lights-Replacement										
Lighting Total:										
Mailboxes & Signage										
Mailboxes-Replacement					25,211					
Signage-Replacement										6,524
Mailboxes & Signage Total:					25,211					6,524
Paint & Coatings										
Exterior Paint-Lighthouse			5,304							
Paint & Coatings Total:			5,304							

**Pointe Woodworth Homeowners Association
Annual Expenditure Spread Sheet**

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Recreational Amenities										
Basketball Equipment-Replacement	4,000									
Play Equipment-Replacement	25,000									
Picnic Assets-Replacement		2,575								
Basketball Court Fence-Replacement					5,267					
Basketball Court-Resurfacing										
Recreational Amenities Total:	29,000	2,575			5,267					
Security Equipment										
Entrance Access Control Panels-Replacem..	7,000									
Surveillance System-Replacement	7,500					8,695				
Security Equipment Total:	14,500					8,695				
Year Total:	80,390	2,575	36,622	34,924	55,600	25,585	26,651		28,274	37,838

**Pointe Woodworth Homeowners Association
Annual Expenditure Spread Sheet**

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Asphalt & Concrete Pavement										
Asphalt Roads-Maintenance	24,621		26,120		27,711		29,398		31,189	
Asphalt Roads-Resurfacing (a)					489,928					
Asphalt Path-Resurfacing (Park)									29,665	
Asphalt Roads-Resurfacing (b)									247,789	
Asphalt & Concrete Pavement Total:	24,621		26,120		517,638		29,398		308,643	
Drainage Improvements										
Drainage Shelves-Maintenance & Repair	5,376		5,703		6,050		6,419		6,810	
Drainage Improvements Total:	5,376		5,703		6,050		6,419		6,810	
Fencing & Barrier Walls										
Gate Operators-Replacement	12,633						14,645			
Wood Perimeter Fencing-Paint & Seal	6,948						8,055			
Perimeter Wall-Maintenance (C.M.U.)			10,265							
Wood Perimeter Fencing-Replacement										
Entrance Gates-Replacement										
Metal Fencing & Gates-Replacement (Entri..					6,429					
Perimeter Fencing-Chain Link-Replacement					144,301					
Retention Pond Fencing-Chain Link-Replac..					20,012					
Fencing & Barrier Walls Total:	19,581		10,265		170,741	22,700				
Lighting										
Street Lights-Replacement										123,447
Lighting Total:										123,447
Mailboxes & Signage										
Mailboxes-Replacement										
Signage-Replacement										
Mailboxes & Signage Total:										
Paint & Coatings										
Exterior Paint-Lighthouse			7,129							
Paint & Coatings Total:			7,129							

**Pointe Woodworth Homeowners Association
Annual Expenditure Spread Sheet**

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Recreational Amenities										
Basketball Equipment-Replacement						6,232				
Play Equipment-Replacement						38,949				
Picnic Assets-Replacement										4,384
Basketball Court Fence-Replacement										
Basketball Court-Resurfacing					21,781					
Recreational Amenities Total:					21,781	45,181				4,384
Security Equipment										
Entrance Access Control Panels-Replacem..						10,906				
Surveillance System-Replacement	10,079					11,685				
Security Equipment Total:	10,079					22,591				
Year Total:	59,656		49,217		716,211	90,471	35,817		315,452	127,831

**Pointe Woodworth Homeowners Association
Annual Expenditure Spread Sheet**

Description	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Asphalt & Concrete Pavement										
Asphalt Roads-Maintenance	33,088		35,103		37,241		39,509		41,915	
Asphalt Roads-Resurfacing (a)										
Asphalt Path-Resurfacing (Park)										
Asphalt Roads-Resurfacing (b)										
Asphalt & Concrete Pavement Total:	33,088		35,103		37,241		39,509		41,915	
Drainage Improvements										
Drainage Shelves-Maintenance & Repair	7,224		7,664		8,131		8,626		9,152	
Drainage Improvements Total:	7,224		7,664		8,131		8,626		9,152	
Fencing & Barrier Walls										
Gate Operators-Replacement	16,977					19,682				
Wood Perimeter Fencing-Paint & Seal	9,338					10,825				
Perimeter Wall-Maintenance (C.M.U.)			13,796							
Wood Perimeter Fencing-Replacement				63,076						
Entrance Gates-Replacement										
Metal Fencing & Gates-Replacement (Entri..										
Perimeter Fencing-Chain Link-Replacement										
Retention Pond Fencing-Chain Link-Replac..										
Fencing & Barrier Walls Total:	26,315		13,796		63,076		30,506			
Lighting										
Street Lights-Replacement										
Lighting Total:										
Mailboxes & Signage										
Mailboxes-Replacement					45,535					
Signage-Replacement										
Mailboxes & Signage Total:					45,535					
Paint & Coatings										
Exterior Paint-Lighthouse			9,581							
Paint & Coatings Total:			9,581							

**Pointe Woodworth Homeowners Association
Annual Expenditure Spread Sheet**

Description	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Recreational Amenities										
Basketball Equipment-Replacement										
Play Equipment-Replacement										
Picnic Assets-Replacement										
Basketball Court Fence-Replacement					9,513					
Basketball Court-Resurfacing										
Recreational Amenities Total:					9,513					
Security Equipment										
Entrance Access Control Panels-Replacem..										
Surveillance System-Replacement	13,546					15,703				
Security Equipment Total:	13,546					15,703				
Year Total:	80,173		66,144	63,076	100,420	46,210	48,135		51,067	

**Pointe Woodworth Homeowners Association
Capital & Non-Capital Reserve Expenditures**

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
Capital Expenditures								
Asphalt Path-Resurfacing (Park)	2002	2032	30	0	18	8,500 SF	2.05	17,425
Asphalt Roads-Resurfacing (a)	1998	2028	30	0	14	158,000 SF	2.05	323,900
Asphalt Roads-Resurfacing (b)	2002	2032	30	0	18	71,000 SF	2.05	145,550
Basketball Court Fence-Replacement	1998	2018	20	0	4	180 LF	26.00	4,680
Basketball Equipment-Replacement	1998	2014	15	0	0	1 Total	4,000.00	4,000
Entrance Access Control Panels-Replacem..	1998	2014	15	0	0	2 EA	3,500.00	7,000
Entrance Gates-Replacement	1998	2023	25	0	9	2 EA	12,000.00	24,000
Gate Operators-Replacement	2008	2014	5	0	0	2 EA	4,700.00	9,400
Mailboxes-Replacement	1998	2018	20	0	4	14 EA	1,600.00	22,400
Metal Fencing & Gates-Replacement (Entri..	1998	2028	30	0	14	50 LF	85.00	4,250
Perimeter Fencing-Chain Link-Replacement	1998	2028	30	0	14	5,300 LF	18.00	95,400
Perimeter Wall-Maintenance (C.M.U.)	2006	2016	10	0	2	800 LF	9.00	7,200
Picnic Assets-Replacement	1997	2015	18	0	1	1 Total	2,500.00	2,500
Play Equipment-Replacement	1997	2014	15	1	0	1 Total	25,000.00	25,000
Retention Pond Fencing-Chain Link-Replacement	1998	2028	30	0	14	735 LF	18.00	13,230
Signage-Replacement	1998	2023	25	0	9	1 Total	5,000.00	5,000
Street Lights-Replacement	1998	2033	35	0	19	32 EA	2,200.00	70,400
Surveillance System-Replacement	2009	2014	5	0	0	1 Total	7,500.00	7,500
Wood Perimeter Fencing-Replacement	1997	2017	20	0	3	940 LF	34.00	31,960
Capital Expenditures - Total								<u>\$820,795</u>
Non-Capital Expenditures								
Asphalt Roads-Maintenance	2012	2014	2	0	0	229,000 SF	0.08	18,320
Basketball Court-Resurfacing	1998	2028	30	0	14	6,400 SF	2.25	14,400
Drainage Shelves-Maintenance & Repair	2012	2014	2	0	0	1 Total	4,000.00	4,000
Exterior Paint-Lighthouse	2006	2016	10	0	2	1 Total	5,000.00	5,000
Wood Perimeter Fencing-Paint & Seal	2007	2014	5	1	0	940 LF	5.50	5,170
Non-Capital Expenditures - Total								<u>\$46,890</u>
Total Asset Summary								<u>\$867,685</u>

APPENDIX

**Pointe Woodworth Homeowners Association
Component Detail Reports**

Report Date July 20, 2013
 Beginning Fiscal Year January 01, 2014
 Account Number WA-1211-003

Version Number Level 2 U

Asphalt Roads-Maintenance - 2014

	229,000 SF	@ \$0.08
Asset ID	Asset Cost	\$18,320.00
Non-Capital Expenditures	Percent Replacement	100%
Asphalt & Concrete Pavement	Future Cost	\$18,320.00
Placed in Service January 2012	Assigned Reserves	\$18,320.00
Useful Life 2		
Replacement Year 2014	Annual Assessment	\$6,129.52
Remaining Life 0	Interest Contribution	<u>\$4.29</u>
	Reserve Allocation	\$6,133.81

Basketball Equipment-Replacement - 2014

	1 Total	@ \$4,000.00
Asset ID	Asset Cost	\$4,000.00
Capital Expenditures	Percent Replacement	100%
Recreational Amenities	Future Cost	\$4,000.00
Placed in Service January 1998	Assigned Reserves	\$4,000.00
Useful Life 15		
Replacement Year 2014	Annual Assessment	\$260.86
Remaining Life 0	Interest Contribution	<u>\$0.18</u>
	Reserve Allocation	\$261.04

Drainage Shelves-Maintenance & Repair - 2014

	1 Total	@ \$4,000.00
Asset ID	Asset Cost	\$4,000.00
Non-Capital Expenditures	Percent Replacement	100%
Drainage Improvements	Future Cost	\$4,000.00
Placed in Service January 2012	Assigned Reserves	\$4,000.00
Useful Life 2		
Replacement Year 2014	Annual Assessment	\$1,338.32
Remaining Life 0	Interest Contribution	<u>\$0.94</u>
	Reserve Allocation	\$1,339.26

**Pointe Woodworth Homeowners Association
Component Detail Reports**

Entrance Access Control Panels-Replacement - 2014

		2 EA	@ \$3,500.00
Asset ID		Asset Cost	\$7,000.00
	Capital Expenditures	Percent Replacement	100%
	Security Equipment	Future Cost	\$7,000.00
Placed in Service	January 1998	Assigned Reserves	\$7,000.00
Useful Life	15		
Replacement Year	2014	Annual Assessment	\$456.50
Remaining Life	0	Interest Contribution	<u>\$0.32</u>
		Reserve Allocation	\$456.82

Gate Operators-Replacement - 2014

		2 EA	@ \$4,700.00
Asset ID		Asset Cost	\$9,400.00
	Capital Expenditures	Percent Replacement	100%
	Fencing & Barrier Walls	Future Cost	\$9,400.00
Placed in Service	January 2008	Assigned Reserves	\$9,400.00
Useful Life	5		
Replacement Year	2014	Annual Assessment	\$1,373.23
Remaining Life	0	Interest Contribution	<u>\$0.96</u>
		Reserve Allocation	\$1,374.19

Play Equipment-Replacement - 2014

		1 Total	@ \$25,000.00
Asset ID		Asset Cost	\$25,000.00
	Capital Expenditures	Percent Replacement	100%
	Recreational Amenities	Future Cost	\$25,000.00
Placed in Service	January 1997	Assigned Reserves	\$25,000.00
Useful Life	15		
Adjustment	1	Annual Assessment	\$1,630.37
Replacement Year	2014	Interest Contribution	<u>\$1.14</u>
Remaining Life	0	Reserve Allocation	\$1,631.51

**Pointe Woodworth Homeowners Association
Component Detail Reports**

Surveillance System-Replacement - 2014

		1 Total	@ \$7,500.00
Asset ID		Asset Cost	\$7,500.00
	Capital Expenditures	Percent Replacement	100%
	Security Equipment	Future Cost	\$7,500.00
Placed in Service	January 2009	Assigned Reserves	\$7,500.00
Useful Life	5		
Replacement Year	2014	Annual Assessment	\$1,095.66
Remaining Life	0	Interest Contribution	<u>\$0.77</u>
		Reserve Allocation	\$1,096.43

Wood Perimeter Fencing-Paint & Seal - 2014

		940 LF	@ \$5.50
Asset ID		Asset Cost	\$5,170.00
	Non-Capital Expenditures	Percent Replacement	100%
	Fencing & Barrier Walls	Future Cost	\$5,170.00
Placed in Service	January 2007	Assigned Reserves	\$5,170.00
Useful Life	5		
Adjustment	1	Annual Assessment	\$755.28
Replacement Year	2014	Interest Contribution	<u>\$0.53</u>
Remaining Life	0	Reserve Allocation	\$755.81

Picnic Assets-Replacement - 2015

		1 Total	@ \$2,500.00
Asset ID		Asset Cost	\$2,500.00
	Capital Expenditures	Percent Replacement	100%
	Recreational Amenities	Future Cost	\$2,575.00
Placed in Service	January 1997	Assigned Reserves	\$2,361.11
Useful Life	18		
Replacement Year	2015	Annual Assessment	\$133.91
Remaining Life	1	Interest Contribution	<u>\$1.75</u>
		Reserve Allocation	\$135.66

**Pointe Woodworth Homeowners Association
Component Detail Reports**

Exterior Paint-Lighthouse - 2016

		1 Total	@ \$5,000.00
Asset ID		Asset Cost	\$5,000.00
Non-Capital Expenditures		Percent Replacement	100%
Paint & Coatings		Future Cost	\$5,304.50
Placed in Service	January 2006	Assigned Reserves	\$4,000.00
Useful Life	10		
Replacement Year	2016	Annual Assessment	\$409.64
Remaining Life	2	Interest Contribution	<u>\$3.09</u>
		Reserve Allocation	\$412.73

Perimeter Wall-Maintenance (C.M.U.) - 2016

		800 LF	@ \$9.00
Asset ID		Asset Cost	\$7,200.00
Capital Expenditures		Percent Replacement	100%
Fencing & Barrier Walls		Future Cost	\$7,638.48
Placed in Service	January 2006	Assigned Reserves	\$5,760.00
Useful Life	10		
Replacement Year	2016	Annual Assessment	\$589.88
Remaining Life	2	Interest Contribution	<u>\$4.44</u>
		Reserve Allocation	\$594.32

Wood Perimeter Fencing-Replacement - 2017

		940 LF	@ \$34.00
Asset ID		Asset Cost	\$31,960.00
Capital Expenditures		Percent Replacement	100%
Fencing & Barrier Walls		Future Cost	\$34,923.55
Placed in Service	January 1997	Assigned Reserves	\$27,166.00
Useful Life	20		
Replacement Year	2017	Annual Assessment	\$1,618.45
Remaining Life	3	Interest Contribution	<u>\$20.15</u>
		Reserve Allocation	\$1,638.60

**Pointe Woodworth Homeowners Association
Component Detail Reports**

Basketball Court Fence-Replacement - 2018

		180 LF	@ \$26.00
Asset ID		Asset Cost	\$4,680.00
	Capital Expenditures	Percent Replacement	100%
	Recreational Amenities	Future Cost	\$5,267.38
Placed in Service	January 1998	Assigned Reserves	\$3,744.00
Useful Life	20		
Replacement Year	2018	Annual Assessment	\$238.40
Remaining Life	4	Interest Contribution	<u>\$2.79</u>
		Reserve Allocation	\$241.18

Mailboxes-Replacement - 2018

		14 EA	@ \$1,600.00
Asset ID		Asset Cost	\$22,400.00
	Capital Expenditures	Percent Replacement	100%
	Mailboxes & Signage	Future Cost	\$25,211.40
Placed in Service	January 1998	Assigned Reserves	\$12,705.89
Useful Life	20		
Replacement Year	2018	Annual Assessment	\$1,964.97
Remaining Life	4	Interest Contribution	<u>\$10.27</u>
		Reserve Allocation	\$1,975.24

Entrance Gates-Replacement - 2023

		2 EA	@ \$12,000.00
Asset ID		Asset Cost	\$24,000.00
	Capital Expenditures	Percent Replacement	100%
	Fencing & Barrier Walls	Future Cost	\$31,314.56
Placed in Service	January 1998	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2023	Annual Assessment	\$2,189.25
Remaining Life	9	Interest Contribution	<u>\$1.53</u>
		Reserve Allocation	\$2,190.78

**Pointe Woodworth Homeowners Association
Component Detail Reports**

Signage-Replacement - 2023

Asset ID		1 Total	@ \$5,000.00
	Capital Expenditures	Asset Cost	\$5,000.00
	Mailboxes & Signage	Percent Replacement	100%
Placed in Service	January 1998	Future Cost	\$6,523.87
Useful Life	25	Assigned Reserves	<i>none</i>
Replacement Year	2023	Annual Assessment	\$456.09
Remaining Life	9	Interest Contribution	<u>\$0.32</u>
		Reserve Allocation	\$456.41

Asphalt Roads-Resurfacing (a) - 2028

Asset ID		158,000 SF	@ \$2.05
	Capital Expenditures	Asset Cost	\$323,900.00
	Asphalt & Concrete Pavement	Percent Replacement	100%
Placed in Service	January 1998	Future Cost	\$489,927.81
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2028	Annual Assessment	\$21,980.38
Remaining Life	14	Interest Contribution	<u>\$15.39</u>
		Reserve Allocation	\$21,995.76

Basketball Court-Resurfacing - 2028

Asset ID		6,400 SF	@ \$2.25
	Non-Capital Expenditures	Asset Cost	\$14,400.00
	Recreational Amenities	Percent Replacement	100%
Placed in Service	January 1998	Future Cost	\$21,781.29
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2028	Annual Assessment	\$977.21
Remaining Life	14	Interest Contribution	<u>\$0.68</u>
		Reserve Allocation	\$977.89

**Pointe Woodworth Homeowners Association
Component Detail Reports**

Metal Fencing & Gates-Replacement (Entries) - 2028

		50 LF	@ \$85.00
Asset ID	Capital Expenditures	Asset Cost	\$4,250.00
	Fencing & Barrier Walls	Percent Replacement	100%
Placed in Service	January 1998	Future Cost	\$6,428.51
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2028	Annual Assessment	\$288.41
Remaining Life	14	Interest Contribution	<u>\$0.20</u>
		Reserve Allocation	\$288.61

Perimeter Fencing-Chain Link-Replacement - 2028

		5,300 LF	@ \$18.00
Asset ID	Capital Expenditures	Asset Cost	\$95,400.00
	Fencing & Barrier Walls	Percent Replacement	100%
Placed in Service	January 1998	Future Cost	\$144,301.06
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2028	Annual Assessment	\$6,474.00
Remaining Life	14	Interest Contribution	<u>\$4.53</u>
		Reserve Allocation	\$6,478.53

Retention Pond Fencing-Chain Link-Replacement - 2028

		735 LF	@ \$18.00
Asset ID	Capital Expenditures	Asset Cost	\$13,230.00
	Fencing & Barrier Walls	Percent Replacement	100%
Placed in Service	January 1998	Future Cost	\$20,011.56
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2028	Annual Assessment	\$897.81
Remaining Life	14	Interest Contribution	<u>\$0.63</u>
		Reserve Allocation	\$898.44

**Pointe Woodworth Homeowners Association
Component Detail Reports**

Asphalt Path-Resurfacing (Park) - 2032

Asset ID	8,500 SF	@ \$2.05
Capital Expenditures	Asset Cost	\$17,425.00
Asphalt & Concrete Pavement	Percent Replacement	100%
Placed in Service	Future Cost	\$29,664.89
Useful Life	Assigned Reserves	<i>none</i>
Replacement Year	Annual Assessment	\$1,033.70
Remaining Life	Interest Contribution	<u>\$0.72</u>
	Reserve Allocation	\$1,034.42

Asphalt Roads-Resurfacing (b) - 2032

Asset ID	71,000 SF	@ \$2.05
Capital Expenditures	Asset Cost	\$145,550.00
Asphalt & Concrete Pavement	Percent Replacement	100%
Placed in Service	Future Cost	\$247,789.13
Useful Life	Assigned Reserves	<i>none</i>
Replacement Year	Annual Assessment	\$8,634.40
Remaining Life	Interest Contribution	<u>\$6.04</u>
	Reserve Allocation	\$8,640.44

Street Lights-Replacement - 2033

Asset ID	32 EA	@ \$2,200.00
Capital Expenditures	Asset Cost	\$70,400.00
Lighting	Percent Replacement	100%
Placed in Service	Future Cost	\$123,446.83
Useful Life	Assigned Reserves	<i>none</i>
Replacement Year	Annual Assessment	\$4,073.77
Remaining Life	Interest Contribution	<u>\$2.85</u>
	Reserve Allocation	\$4,076.62

**Pointe Woodworth Homeowners Association
Component Detail Reports**

Detail Report Summary

Grand Total

Assigned Reserves	\$136,127.00
Annual Contribution	\$65,000.00
Annual Interest	\$84.51
Annual Allocation	\$65,084.51

**Pointe Woodworth Homeowners Association
Glossary of Reserve Study Terms**

Abbreviations

BTU – British thermal unit

CFM – Cubic feet per minute

CY – Cubic yard

EA – Each

GPM – Gallons per minute

LBS – Pounds

LF – Lineal foot

MBH – Thousand BTUs per hour

NCE – National Construction Estimator CostBooks® construction cost estimating database

RSM – RS Means CostWorks® construction cost estimating database

SF – Square foot

SQ – 100 square feet (commonly used unit of measure for roofing)

SY – Square yard

TSF – Total square feet

YR – Year

Definition of Key Reserve Study Terms

Accumulated Reserves – The total dollar amount available for reserve expenditures as of the first day of the current fiscal year. This amount is assumed to be earning interest at the rate indicated in the *Financial Parameters* section of the report. Hence accumulated reserves should only include cash on hand and cash equivalents in the form of interest bearing receivables. The accumulated reserve balance may or may not include the reserve contribution for the current fiscal year at the discretion of management.

Capital Expense – For the purposes of this reserve funding analysis The AICPA definition of capital expense shall apply, as follows: *Funds expended for improvements, or major repairs or replacements or improvements of property components that extend their useful lives or service periods.*

Cash Flow Funding Method – Cash flow funding is a reserve funding approach which is designed only to generate sufficient annual cash flow to meet the funding obligations for the current fiscal year as established by the reserve funding study. Cash flow funding assumes an uninterrupted incoming cash flow and interest earnings

Pointe Woodworth Homeowners Association Glossary of Reserve Study Terms

consistent with the schedule set forth in the reserve funding analysis. Cash flow funding parameters may be set to include the reserve fund contribution scheduled for the current fiscal year, at the discretion of management; making this money available for spending during the current reporting period.

The *Cash Flow Funding Method* allocates accumulated reserves according to the chronological urgency of the expense rather than amortizing the expense over the service life of the component and allocating the accumulated reserves based on the remaining life expectancy of each component.

Assuming the cost and frequency of reserve expenditures does not deviate from the schedule set forth in the reserve funding study; the reserve fund will always contain enough money to meet the funding obligations established in the study.

Cash Flow Funding makes use of two primary funding models; *Current Assessment Funding* and *Threshold Funding*, both of which are described below.

Common Area Components - Common area components refers to assets commonly owned and used by all association members and will be maintained, repaired and replaced at the association's expense.

Component – In the context of a reserve study a component is an expenditure which is scheduled to be paid for with accumulated reserves. In the case of a capital reserve funding study all components included in the funding schedule are of a capital nature. All components identified in this reserve study are considered to have a generally accepted finite life expectancy of thirty years or less.

The replacement cost of components included in a reserve funding schedule will generally be set at a minimum dollar amount by mutual agreement of the parties to the reserve study. A typical minimum dollar amount for a small association is \$1,000.00.

Component Funding – Component Funding is a funding method which allocates reserves to each component based on the projected replacement cost and remaining life expectancy as of the beginning date of the current fiscal reporting period. The projected replacement cost is then amortized over the remaining life expectancy of the component and the accumulated reserves are allocated by dividing the future replacement cost by the number of years remaining until replacement is scheduled to occur.

When using the *Component Funding Method* to generate the annual reserve contribution schedule the accumulated reserves must equal the amount of money represented by the cumulative loss in value of all reserve fund components as of the first day of the current fiscal year in order for the reserve fund to be 100% funded.

In this context a *Component Funding Projection* which is 100% funded will track the combined rate of depreciation of the reserve components, when depreciation is based on the *projected* replacement cost rather than the original acquisition cost of the component.

Component Funding utilizes a different math model from that which is used to calculate Cash Flow Funding Projections and is therefore considered an alternative reserve funding methodology to Cash Flow Funding. Component Funding is typically utilized when the goal is to generate annual reserve contributions which offset the loss in value associated with the depreciation of the components which are the subject of the funding analysis.

Pointe Woodworth Homeowners Association Glossary of Reserve Study Terms

Component Inventory – A list of all components included in the replacement reserve funding schedule.

Condition Assessment – A physical inspection of the subject property for the purpose of establishing the component inventory and the current physical condition of the components which are the subject of the study.

Current Assessment Funding Model - Current Assessment Funding is a cash flow funding method which begins with a first year reserve contribution equal to the current annual reserve contribution which has been scheduled by the Association or an amount specified by the Board of Directors.

Current Assessment Funding does not automatically maintain a minimum balance in the reserve fund. Unless the specified contribution is increased or decreased by the Reserve Analyst in order to maintain a specific minimum balance, the year-end reserve fund balance could end up in the negative. If the first year contribution is insufficient to prevent a negative year end balance during the 30 year funding projection, the annual contribution must be increased in future years to prevent a negative fund balance from occurring.

Current Assessment Funding is often used when an association has already approved the annual reserve contribution for the upcoming fiscal year; or when the BOD has determined the reserve contribution required under an alternative funding projection represents an unrealistic funding goal for the Association.

Reserves accumulated under a Current Assessment Funding Model Projection are pooled. Pooling of reserves refers to the fact that all funds are maintained in one fund and are allocated based on the annual cash flow required to meet the reserve funding obligations of the Association.

Effective Age – The difference between useful life and remaining useful life of a component. Not always equivalent to the chronological age of the component; due to the tendency for similar components to age at differing rates because of unique characteristics of the individual components.

Expected Useful Life (EUL) - The generally accepted life expectancy of a component from the time it is placed into service as a new component until the time when major repair or replacement expenditure is required in order to maintain the quality, performance and usefulness of the component.

Financial Analysis – The section of the reserve study which analyzes the current and future financial implications of the reserve funding obligations presented in the study. The *current analysis* provides information regarding the current reserve fund status as of the first day of the current reporting period. The *future analysis* discusses the financial obligations implied by the reserve study based on the future component expenditures and replacement schedules set forth in the study.

Fully Funded Balance – The term *Fully Funded* means that the amount of money allocated to pay for each funded reserve expense is equal to the amount derived when using the following formula:

$$\text{Fully Funded} = \text{PV} \times \text{CA} / \text{EUL}$$

Where PV = present value; CA = current age; and EUL = expected useful life.

The Full Funded balance is the cumulative amount required to achieve Full Funding for all of the components included in the replacement reserve funding schedule.

Pointe Woodworth Homeowners Association Glossary of Reserve Study Terms

The *present value* is always the future replacement cost adjusted for inflation as of the beginning date of the current reserve study. This concept is explained in more detail under the definition of *Percent Funded*.

It is important to note that full funding does not mean that 100% of the projected replacement cost is available to pay for the expense in question at any particular point in time. Rather it means the current funding schedule is on track to generate the amount of money projected to pay for the expense in the year when the expenditure is scheduled to occur; when the projected replacement cost is amortized *equally* each year over the remaining life expectancy of the component in question. The only year when the *Fully Funded* amount and the replacement cost will be the same is in the year when replacement is scheduled to occur.

Funding Projection – A schedule which projects the annual reserve funding contributions required to meet the reserve funding obligations set forth in the reserve study. The reserve funding projection always begins with the first day of the current fiscal reporting period and always ends on the last day of the fiscal year in which the reserve funding projection is scheduled to end.

The funding projection may be calculated for any period of time ranging from one to one hundred years. The reserve funding projections contained in most studies encompass a period of thirty years.

Financial Analysis – The section of the reserve funding study which analyzes the current and future financial implications of the reserve funding obligations presented in the study. The *current analysis* provides information regarding the current reserve fund status as of the first day of the current reporting period. The *future analysis* discusses the financial obligations implied by the reserve funding study based on the future component expenditures and replacement schedules set forth in the study.

Funding Velocity – Funding Velocity is a dynamic value utilized when Component Funding is used to generate the annual reserve funding projection. The Funding Velocity controls the percent funded level and determines how quickly the reserve fund will reach fully funded status; with 100% used as a baseline. If a Funding Velocity greater than 100% is required to achieve a Fully Funded reserve fund balance, the current funding levels would be considered low. If a Funding Velocity less than 100% is sufficient to accomplish full funding of the reserve account then the current funding levels are considered strong. The degree to which the Funding Velocity deviates from 100% is considered a relative measurement of the strength of an association's reserve funding plan.

Percent Funded Level - The percent funded level measures the relationship between the accumulated reserves and amount of money required to achieve a Fully Funded reserve account at a given point in time. When the reserve account is Fully Funded the percent funded level is 100%. Therefore, if 100% represents a Fully Funded level of reserves, then a reserve fund which is 60% funded would contain actual cash reserves equal to 60% of the amount necessary to be 100% funded.

The formula for calculating the amount required to achieve Full Funding is expressed as:

$$\text{Fully Funded} = \text{PV} \times \text{CA} / \text{EUL}$$

Where PV = present value; CA = current age; and EUL = expected useful life.

Hence the Fully Funded calculation for a component with a current age of 3 years, a present value of \$10,000

Pointe Woodworth Homeowners Association
Glossary of Reserve Study Terms

and an expected useful life of 10 years would be:

$$\$10,000 \times 3 / 10 = \$3,000.00.$$

Therefore the total amount of money required to be Fully Funded as of the first day of the current funding cycle would be \$3,000.00.

To calculate the percent funded level for a reserve fund containing more than one component expenditure this calculation is performed for each component and the sum total is the amount required to achieve Full Funding. When the accumulated reserves are less than the amount required to achieve Full Funding, the percent funded level will be expressed as a figure less than 100%.

Physical Analysis – The *physical analysis* includes four elements: development of the component inventory; performing the condition assessment; determining the remaining useful life of the components and preparing a replacement cost analysis. The information obtained while conducting the physical analysis is largely what drives the reserve funding schedule established in the reserve funding study.

Remaining Useful Life (RUL) - The remaining life expectancy for common area components in service prior to the date the analysis was performed and therefore can not be expected to have a remaining service life equal to that of a new component.

Replacement Reserves - Replacement reserves are funds collected from association members that will be used to pay for repair and replacement of common area components according to the repair and replacement schedules contained in the reserve study. These funds should be held in a separate account and not co-mingled with operating funds.

Statutory Funding – Funding of the reserve account in an amount required by local or state statutes which may govern the association’s financial practices.

Threshold Funding Method - This funding approach establishes a minimum balance for the association’s reserve account and creates a funding projection which results in the fund balance never dropping below the predetermined minimum balance.

While this results in lower reserve assessments for association members it will also result in under-funding if major component expenditures are required prior to the year the expense is scheduled to occur. This situation could require a special assessment to maintain the minimum fund balance and keep the remaining reserve funding schedule in line with projections.

When Threshold Funding is employed it is imperative the reserve study be updated annually to ensure accurate component replacement costs and timing of replacement expenditures.

Transition Inspection – The inspection of association property at or near the time period when control of the Board of Directors passes from the developer to a board comprised of unit owners other than the original declarant. The transition inspection is an extremely important process which should be undertaken by a qualified architect or engineer to ensure the interests of the community are best served.

The statute of limitations concerning construction defects varies from one jurisdiction to another. The

Pointe Woodworth Homeowners Association
Glossary of Reserve Study Terms

association's right to legal recourse for defective products and installations may be compromised if they fail to document the current condition of their property during this transitional period. In addition, warranties in effect could be impacted by the failure to perform timely inspections of components under warranty.

Building technology professionals, who are experienced in the inspection process and the preparation of a written narrative of their findings, should be retained to perform such an inspection. Reserve studies prepared prior to this time should be updated in conjunction with the completion of a transition inspection.

Pointe Woodworth Homeowners Association Reserve Study Updates

1. Annual Updates: Washington law (RCW 64.38) requires all homeowners associations to conduct a Level 1 Reserve Study. The law also requires that the reserve study be updated annually. The annual update does not require a physical inspection. The annual update must include a review of the funding parameters, component replacement costs and verification of the current reserve fund balance as of the beginning date of the updated reserve funding projection.

2. Level 2 Reserve Study Update: RCW 64.38 requires that a Level 2 reserve study update be performed every three years. A Level 2 update is an update which includes a new physical condition assessment performed by an independent reserve study professional.

3. CRC Update Requirements: CRC requires that all of its clients update their reserve study each year and that Level 2 updates be performed at least once every five (5) years, or as may be required by state law. If an association who has engaged CRC to prepare a reserve study chooses not to update the reserve study in any year after the study is initially published, CRC will not update the reserve study in future years but will instead require that a new reserve study be performed. In states with statutory requirements for reserve study updates CRC requires that all of its clients update their reserve study in accordance with the requirements of the statute in order to be eligible for updates in future years.

Pointe Woodworth Homeowners Association Reserve Study Parameters & Assumptions

1. Parameters: This reserve study was prepared using information provided by the Association and its representatives. Any such information is assumed to be true for the purposes of this reserve study. Representations of fact are assumed to be true and made in good faith by all parties associated with the development of this study.

Opinions and conclusions stated herein are based solely on the representations made in the information described in the previous paragraph. Capital Reserve Consultants, LLC (CRC) reserves the right to conduct a field evaluation of the property subsequent to completion of construction to verify as-built conditions. Changes made to this reserve study as a result of such an inspection are at the sole discretion of CRC.

Inflation: Replacement reserve funds will be accumulated by the Association based on the estimated *current* replacement cost of General and Limited Common Elements; which are the responsibility of the Association to repair and replace. Replacement costs for expenses which are scheduled to occur in all future years are adjusted for inflation based on the current inflation rate figure published by inflationdata.com.

The inflation rate established in this reserve study is **3.0%**.

The replacement cost figures presented in this reserve study are intended to be used for long range capital planning and budgeting purposes. The amounts should not be assumed to be correct with respect to *actual* replacement costs which may be incurred at the time replacement is required. Actual repair and replacement costs may vary from the amounts scheduled in this reserve study due to factors which cannot be predicted in advance.

This reserve study should be updated annually to allow for revisions to the replacement cost estimates, should they be warranted. If additional replacement funds are required, beyond the amounts suggested in this study, the association reserves the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay repairs or replacement of components until funds are available.

Interest Earnings: Investment income and income tax levels may affect reserve funding levels. The funding parameters established for this reserve study assume all reserve funds will be held in FDIC insured interest-bearing accounts.

Interest earnings of **.10%** are assumed in this reserve study.

Income Taxes: This reserve fund analysis assumes the Association will file IRS Form 1120-H, which results in a flat tax rate of 30% on interest earnings.

2. Methodology: The authors of this reserve study have attempted to maintain an equitable approach to developing the replacement reserve funding schedule for the Association by establishing reasonable expectations for the expected useful life and replacement schedule of common area components.

The goal of a fair and equitable funding plan is deemed to be in the interest of current unit owners by not over funding the reserve account while at the same time ensuring, in later years, the owners will have adequate replacement reserves to meet the repair and replacement needs of the association. The result of such an approach will, by necessity, require certain assumptions to be made regarding the lifespan and replacement requirements of certain components.

Replacement funds for certain components may be accumulated based on the theory that partial replacement will be satisfactory to restore the component to an acceptable condition. Partial replacement funding is

Pointe Woodworth Homeowners Association
Reserve Study Parameters & Assumptions

expressed as a percentage of the total replacement cost. Components which are scheduled for 100% replacement assume complete replacement of the component will be required.

In some instances, replacement funding may be scheduled to occur over a successive period of years, if it is reasonable to assume the work in question may actually be performed over a period of years. Hence, if it is reasonable to assume exterior painting may be scheduled over a four year period, the painting expenditures may be scheduled to occur 25% per year over the four year timeframe.

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**Pointe Woodworth Homeowners Association
Component Detail Report Index**

Asset ID	Description	Replacement	Page
Asphalt & Concrete Pavement			
	Asphalt Roads-Maintenance	2014	A-1
	Asphalt Roads-Resurfacing (a)	2028	A-6
	Asphalt Path-Resurfacing (Park)	2032	A-8
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Drainage Improvements			
	Drainage Shelves-Maintenance & Repair	2014	A-1
Fencing & Barrier Walls			
	Gate Operators-Replacement	2014	A-2
	Wood Perimeter Fencing-Paint & Seal	2014	A-3
	Perimeter Wall-Maintenance (C.M.U.)	2016	A-4
	Wood Perimeter Fencing-Replacement	2017	A-4
	Entrance Gates-Replacement	2023	A-5
	Metal Fencing & Gates-Replacement (Entries)	2028	A-7
	Perimeter Fencing-Chain Link-Replacement	2028	A-7
	Retention Pond Fencing-Chain Link-Replacem..	2028	A-7
Lighting			
	Street Lights-Replacement	2033	A-8
Mailboxes & Signage			
	Mailboxes-Replacement	2018	A-5
	Signage-Replacement	2023	A-6
Paint & Coatings			
	Exterior Paint-Lighthouse	2016	A-4
Recreational Amenities			
	Basketball Equipment-Replacement	2014	A-1
	Play Equipment-Replacement	2014	A-2
	Picnic Assets-Replacement	2015	A-3
	Basketball Court Fence-Replacement	2018	A-5
	Basketball Court-Resurfacing	2028	A-6
Security Equipment			
	Entrance Access Control Panels-Replacement	2014	A-2

**Pointe Woodworth Homeowners Association
Component Detail Report Index**

Asset ID	Description	Replacement	Page
	<i>Security Equipment Continued...</i>		
	Surveillance System-Replacement	2014	A-3
	Total Funded Assets	24	
	Total Unfunded Assets	<u>0</u>	
	Total Assets	24	

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and an expected useful life of 10 years would be:

$$\$10,000 \times 3 / 10 = \$3,000.00.$$

Therefore the total amount of money required to be Fully Funded as of the first day of the current funding cycle would be \$3,000.00.

To calculate the percent funded level for a reserve fund containing more than one component expenditure this calculation is performed for each component and the sum total is the amount required to achieve Full Funding. When the accumulated reserves are less than the amount required to achieve Full Funding, the percent funded level will be expressed as a figure less than 100%.

Physical Analysis – The *physical analysis* includes four elements: development of the component inventory; performing the condition assessment; determining the remaining useful life of the components and preparing a replacement cost analysis. The information obtained while conducting the physical analysis is largely what drives the reserve funding schedule established in the reserve funding study.

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1. Annual Updates: Washington law (RCW 64.38) requires all homeowners associations to conduct a Level 1 Reserve Study. The law also requires that the reserve study be updated annually. The annual update does not require a physical inspection. The annual update must include a review of the funding parameters, component replacement costs and verification of the current reserve fund balance as of the beginning date of the updated reserve funding projection.

2. Level 2 Reserve Study Update: RCW 64.38 requires that a Level 2 reserve study update be performed every three years. A Level 2 update is an update which includes a new physical condition assessment performed by an independent reserve study professional.

3. CRC Update Requirements: CRC requires that all of its clients update their reserve study each year and that Level 2 updates be performed at least once every five (5) years, or as may be required by state law. If an association who has engaged CRC to prepare a reserve study chooses not to update the reserve study in any year after the study is initially published, CRC will not update the reserve study in future years but will instead require that a new reserve study be performed. In states with statutory requirements for reserve study updates CRC requires that all of its clients update their reserve study in accordance with the requirements of the statute in order to be eligible for updates in future years.

Pointe Woodworth Homeowners Association Reserve Study Parameters & Assumptions

1. Parameters: This reserve study was prepared using information provided by the Association and its representatives. Any such information is assumed to be true for the purposes of this reserve study. Representations of fact are assumed to be true and made in good faith by all parties associated with the development of this study.

Opinions and conclusions stated herein are based solely on the representations made in the information described in the previous paragraph. Capital Reserve Consultants, LLC (CRC) reserves the right to conduct a field evaluation of the property subsequent to completion of construction to verify as-built conditions. Changes made to this reserve study as a result of such an inspection are at the sole discretion of CRC.

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Pointe Woodworth Homeowners Association
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505	Wood Fence-Replace	2017	A-5
502	Chain Link Fence-Replace	2028	A-7
503	Metal Gate/Fence-Replace	2028	A-7
Mailboxes & Signage			
403	Mailboxes-Replace	2018	A-5
1415	Required Signage-Replace	2023	A-6
Paint & Coatings			
1112	Lighthouse Exterior-Clean/Paint	2016	A-4
Recreational Amenities			
1608	Basketball Equipment-Replace	2013	A-1
405	Play Equipment-Replace	2013	A-2
408	Picnic Assets-Replace	2015	A-4
1609	Basketball Court Fence-Replace	2018	A-5
1607	Basketball Court-Resurface	2028	A-6
Security Equipment			
703	Entry Access Equipment-Replace	2013	A-1
305	Surveillance System-Replace	2014	A-3
	Total Funded Assets	22	
	Total Unfunded Assets	<u>0</u>	
	Total Assets	22	

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Abbreviations

BTU – British thermal unit

CFM – Cubic feet per minute

CY – Cubic yard

EA – Each

GPM – Gallons per minute

LBS – Pounds

LF – Lineal foot

MBH – Thousand BTUs per hour

NCE – National Construction Estimator CostBooks® construction cost estimating database

RSM – RS Means CostWorks® construction cost estimating database

SF – Square foot

SQ – 100 square feet (commonly used unit of measure for roofing)

SY – Square yard

TSF – Total square feet

YR – Year

Definition of Key Reserve Study Terms

Accumulated Reserves – The total dollar amount available for reserve expenditures as of the first day of the current fiscal year. This amount is assumed to be earning interest at the rate indicated in the *Financial Parameters* section of the report. Hence accumulated reserves should only include cash on hand and cash equivalents in the form of interest bearing receivables. The accumulated reserve balance may or may not include the reserve contribution for the current fiscal year at the discretion of management.

Capital Expense – For the purposes of this reserve funding analysis The AICPA definition of capital expense shall apply, as follows: *Funds expended for improvements, or major repairs or replacements or improvements of property components that extend their useful lives or service periods.*

Cash Flow Funding Method – Cash flow funding is a reserve funding approach which is designed only to generate sufficient annual cash flow to meet the funding obligations for the current fiscal year as established by the reserve funding study. Cash flow funding assumes an uninterrupted incoming cash flow and interest earnings

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consistent with the schedule set forth in the reserve funding analysis. Cash flow funding parameters may be set to include the reserve fund contribution scheduled for the current fiscal year, at the discretion of management; making this money available for spending during the current reporting period.

The *Cash Flow Funding Method* allocates accumulated reserves according to the chronological urgency of the expense rather than amortizing the expense over the service life of the component and allocating the accumulated reserves based on the remaining life expectancy of each component.

Assuming the cost and frequency of reserve expenditures does not deviate from the schedule set forth in the reserve funding study; the reserve fund will always contain enough money to meet the funding obligations established in the study.

Cash Flow Funding makes use of two primary funding models; *Current Assessment Funding* and *Threshold Funding*, both of which are described below.

Common Area Components - Common area components refers to assets commonly owned and used by all association members and will be maintained, repaired and replaced at the association's expense.

Component – In the context of a reserve study a component is an expenditure which is scheduled to be paid for with accumulated reserves. In the case of a capital reserve funding study all components included in the funding schedule are of a capital nature. All components identified in this reserve study are considered to have a generally accepted finite life expectancy of thirty years or less.

The replacement cost of components included in a reserve funding schedule will generally be set at a minimum dollar amount by mutual agreement of the parties to the reserve study. A typical minimum dollar amount for a small association is \$1,000.00.

Component Funding – Component Funding is a funding method which allocates reserves to each component based on the projected replacement cost and remaining life expectancy as of the beginning date of the current fiscal reporting period. The projected replacement cost is then amortized over the remaining life expectancy of the component and the accumulated reserves are allocated by dividing the future replacement cost by the number of years remaining until replacement is scheduled to occur.

When using the *Component Funding Method* to generate the annual reserve contribution schedule the accumulated reserves must equal the amount of money represented by the cumulative loss in value of all reserve fund components as of the first day of the current fiscal year in order for the reserve fund to be 100% funded.

In this context a *Component Funding Projection* which is 100% funded will track the combined rate of depreciation of the reserve components, when depreciation is based on the *projected* replacement cost rather than the original acquisition cost of the component.

Component Funding utilizes a different math model from that which is used to calculate Cash Flow Funding Projections and is therefore considered an alternative reserve funding methodology to Cash Flow Funding. Component Funding is typically utilized when the goal is to generate annual reserve contributions which offset the loss in value associated with the depreciation of the components which are the subject of the funding analysis.

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Component Inventory – A list of all components included in the replacement reserve funding schedule.

Condition Assessment – A physical inspection of the subject property for the purpose of establishing the component inventory and the current physical condition of the components which are the subject of the study.

Current Assessment Funding Model - Current Assessment Funding is a cash flow funding method which begins with a first year reserve contribution equal to the current annual reserve contribution which has been scheduled by the Association or an amount specified by the Board of Directors.

Current Assessment Funding does not automatically maintain a minimum balance in the reserve fund. Unless the specified contribution is increased or decreased by the Reserve Analyst in order to maintain a specific minimum balance, the year-end reserve fund balance could end up in the negative. If the first year contribution is insufficient to prevent a negative year end balance during the 30 year funding projection, the annual contribution must be increased in future years to prevent a negative fund balance from occurring.

Current Assessment Funding is often used when an association has already approved the annual reserve contribution for the upcoming fiscal year; or when the BOD has determined the reserve contribution required under an alternative funding projection represents an unrealistic funding goal for the Association.

Reserves accumulated under a Current Assessment Funding Model Projection are pooled. Pooling of reserves refers to the fact that all funds are maintained in one fund and are allocated based on the annual cash flow required to meet the reserve funding obligations of the Association.

Effective Age – The difference between useful life and remaining useful life of a component. Not always equivalent to the chronological age of the component; due to the tendency for similar components to age at differing rates because of unique characteristics of the individual components.

Expected Useful Life (EUL) - The generally accepted life expectancy of a component from the time it is placed into service as a new component until the time when major repair or replacement expenditure is required in order to maintain the quality, performance and usefulness of the component.

Financial Analysis – The section of the reserve study which analyzes the current and future financial implications of the reserve funding obligations presented in the study. The *current analysis* provides information regarding the current reserve fund status as of the first day of the current reporting period. The *future analysis* discusses the financial obligations implied by the reserve study based on the future component expenditures and replacement schedules set forth in the study.

Fully Funded Balance – The term *Fully Funded* means that the amount of money allocated to pay for each funded reserve expense is equal to the amount derived when using the following formula:

Fully Funded = PV x CA / EUL.

Where PV = present value; CA = current age; and EUL = expected useful life.

The Full Funded balance is the cumulative amount required to achieve Full Funding for all of the components included in the replacement reserve funding schedule.

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The *present value* is always the future replacement cost adjusted for inflation as of the beginning date of the current reserve study. This concept is explained in more detail under the definition of *Percent Funded*.

It is important to note that full funding does not mean that 100% of the projected replacement cost is available to pay for the expense in question at any particular point in time. Rather it means the current funding schedule is on track to generate the amount of money projected to pay for the expense in the year when the expenditure is scheduled to occur; when the projected replacement cost is amortized *equally* each year over the remaining life expectancy of the component in question. The only year when the *Fully Funded* amount and the replacement cost will be the same is in the year when replacement is scheduled to occur.

Funding Projection – A schedule which projects the annual reserve funding contributions required to meet the reserve funding obligations set forth in the reserve study. The reserve funding projection always begins with the first day of the current fiscal reporting period and always ends on the last day of the fiscal year in which the reserve funding projection is scheduled to end.

The funding projection may be calculated for any period of time ranging from one to one hundred years. The reserve funding projections contained in most studies encompass a period of thirty years.

Financial Analysis – The section of the reserve funding study which analyzes the current and future financial implications of the reserve funding obligations presented in the study. The *current analysis* provides information regarding the current reserve fund status as of the first day of the current reporting period. The *future analysis* discusses the financial obligations implied by the reserve funding study based on the future component expenditures and replacement schedules set forth in the study.

Funding Velocity – Funding Velocity is a dynamic value utilized when Component Funding is used to generate the annual reserve funding projection. The Funding Velocity controls the percent funded level and determines how quickly the reserve fund will reach fully funded status; with 100% used as a baseline. If a Funding Velocity greater than 100% is required to achieve a Fully Funded reserve fund balance, the current funding levels would be considered low. If a Funding Velocity less than 100% is sufficient to accomplish full funding of the reserve account then the current funding levels are considered strong. The degree to which the Funding Velocity deviates from 100% is considered a relative measurement of the strength of an association's reserve funding plan.

Percent Funded Level - The percent funded level measures the relationship between the accumulated reserves and amount of money required to achieve a Fully Funded reserve account at a given point in time. When the reserve account is Fully Funded the percent funded level is 100%. Therefore, if 100% represents a Fully Funded level of reserves, then a reserve fund which is 60% funded would contain actual cash reserves equal to 60% of the amount necessary to be 100% funded.

The formula for calculating the amount required to achieve Full Funding is expressed as:

$$\text{Fully Funded} = \text{PV} \times \text{CA} / \text{EUL}.$$

Where PV = present value; CA = current age; and EUL = expected useful life.

Hence the Fully Funded calculation for a component with a current age of 3 years, a present value of \$10,000

Pointe Woodworth Homeowners Association
Glossary of Reserve Study Terms

and an expected useful life of 10 years would be:

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Therefore the total amount of money required to be Fully Funded as of the first day of the current funding cycle would be \$3,000.00.

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1415	Required Signage-Replace	2023	A-6
Paint & Coatings			
1112	Lighthouse Exterior-Clean/Paint	2016	A-4
Recreational Amenities			
1608	Basketball Equipment-Replace	2013	A-1
405	Play Equipment-Replace	2013	A-2
408	Picnic Assets-Replace	2015	A-4
1609	Basketball Court Fence-Replace	2018	A-5
1607	Basketball Court-Resurface	2028	A-6
Security Equipment			
703	Entry Access Equipment-Replace	2013	A-1
305	Surveillance System-Replace	2014	A-3
	Total Funded Assets	22	
	Total Unfunded Assets	<u>0</u>	
	Total Assets	22	