March 21, 2016

Woody Creek Townhome Association
Attn: Brenna Krier
PO Box 27
Arvada, CO 80002

Regarding: Reserve Study Draft

Dear Brenna:

Please find enclosed a Draft version of the Reserve Study for Woody Creek Townhome Association. This draft version is being delivered via electronic media. The final bound copy will be printed and mailed along with a compact disc containing all of the association's data upon receipt of the balance due.

The client will have 45 days to review the draft and report any feedback for necessary revisions. If revisions are not requested within 90 days of delivery of the Draft Version, the report will be considered complete and final. Any changes requested after this point will be made at an additional fee to the association. Payment in full is due 45 days from the delivery date of the Draft Version. Final reports will not be released until account is paid in full, late charges are incurred for accounts past 90 days of draft delivery at the rate of $25.00 for every 30 days past due. In the meantime, if you have any questions, please feel free to give our office a call (303) 790 7572.

Sincerely,

G. Michael Kelsen, RS, PRA
Owner

Woody Creek Townhome Association
52nd and Garrison
Arvada, CO 80002

Level 1, Premium Reserve Analysis
Report Period – 01/01/16 – 12/31/16

First Draft

Client Reference Number - 9303
Property Type – Townhome Development
Number of Units – 70
Fiscal Year End – December 31

Date of Property Observation -	**January 18, 2016**
Project Manager -	**G. Michael Kelsen, RS, PRA**
Main Contact Person -	**Ms. Brenna Krier, Board Member**
Report was prepared on -	**Monday, March 21, 2016**

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ARS
Aspen Reserve Specialties

Introduction to the Reserve Analysis –

The elected officials of this association made a wise decision to invest in a Reserve Analysis to get a better understanding of the status of the Reserve funds. This Analysis will be a valuable tool to assist the Board of Directors in making the decision to which the dues are derived. Typically, the Reserve contribution makes up 15% - 40% of the association's total budget. Therefore, Reserves is considered to be a significant part of the overall monthly association payment.

Every association conducts its business within a budget. There are typically two main parts to this budget, Operating and Reserves. The Operating budget includes all expenses that are fixed on an annual basis. These would include management fees, maintenance fees, utilities, etc. The Reserves is primarily made up of Capital Replacement items such as asphalt, roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

The Reserve Analysis is also broken down into two different parts, the Physical Analysis and the Financial Analysis. The Physical Analysis is information regarding the physical status and replacement cost of major common area components that the association is responsible to maintain. It is important to understand that while the Component Inventory will remain relatively "stable" from year to year, the Condition Assessment and Life/Valuation Estimates will most likely vary from year to year. You can find this information in the ***Asset Inventory Section*** (Section 2) of this Reserve Analysis. The ***Financial Analysis Section*** is the evaluation of the association's Reserve balance, income, and expenses. This is made up of a finding of the clients current Reserve Fund Status (measured as Percent Funded) and a recommendation for an appropriate Reserve Allocation rate (also known as the Funding Plan). You can find this information in Section 3 (pages 1 – 13) of this Reserve Analysis.

The purpose of this Reserve Analysis is to provide an educated estimate as to what the Reserve Allocation needs to be. The detailed schedules will serve as an advanced warning that major projects will need to be addressed in the future. This will allow the Board of Directors to have ample timing to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. This will also ensure the physical well being of the property and ultimately enhance each owner's investment, while limiting the possibility of unexpected major projects that may lead to Special Assessments.

It is important for the client, homeowners, and potential future homeowners to understand that the information contained in this analysis is based on estimates and assumptions gathered from various sources. Estimated life expectancies and cycles are based upon conditions that were readily visible and accessible at time of the observation. No destructive or intrusive methods (such as entering the walls to inspect the condition of electrical wiring, plumbing lines, and telephone wires) were performed. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), construction defects, and acts of nature have not been investigated in the preparation of this report. If problem areas were revealed, a reasonable effort has been made to include these items within the report. While every effort has been made to ensure accurate results, this report reflects the judgement of Aspen Reserve Specialties and should not be construed as a guarantee or assurance of predicting future events.

General Information and Answers to Frequently Asked Questions –

Why is it important to perform a Reserve Study?

As previously mentioned, the Reserve allocation makes up a significant portion of the total monthly dues. This report provides the essential information that is needed to guide the Board of Directors in establishing the budget in order to run the daily operations of your association. It is suggested that a third party professionally prepare a Reserve Study since there is no vested interest in the property. Also, a professional knows what to look for and how to properly develop an accurate and reliable component list.

Now that we have "it", what do we do with "it"?

Hopefully, you will not look at this report and think it is too cumbersome to understand. Our intention is to make this Reserve Analysis very easy to read and understand. Please take the time to review it carefully and make sure the "main ingredients" (asset information) are complete and accurate. If there are any inaccuracies, please inform us immediately so we may revise the report.

Once you feel the report is an accurate tool to work from, use it to help establish your budget for the upcoming fiscal year. The Reserve allocation makes up a significant portion of the total monthly dues and this report should help you determine the correct amount of money to go into the Reserve fund. Additionally, the Reserve Study should act as a guide to obtain proposals in advance of pending normal maintenance and replacement projects. This will give you an opportunity to shop around for the best price available.

The Reserve Study should be readily available for Real Estate agents, brokerage firms, and lending institutions for potential future homeowners. As the importance of Reserves becomes more of a household term, people are requesting homeowners associations to reveal the strength of the Reserve fund prior to purchasing a condominium or townhome.

How often do we update or review "it"?

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has projections for the next 30 years. Just like any major line item in the budget, the Reserve Analysis should be reviewed *each year* before the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Aging rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the content of the Reserve Analysis. Therefore, this analysis should be reviewed annually, and a property observation should be conducted at least once every three years.

Is it the law to have a Reserve Study conducted?

The Government requires reserve analyses in approximately 20 states. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study is completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. This may not mean a Reserve Analysis is required, but how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think $50,000 is a lot of money and they are in good shape. What they don't know is the roof will need to be replaced within 5 years, and the cost of the roof is going to exceed $75,000. So while $50,000 sounds like a lot of money, in reality it won't even cover the cost of a roof, let alone all the other amenities the association is responsible to maintain.

What makes an asset a "Reserve" item versus an "Operating" item?

A "Reserve" asset is an item that is the responsibility of the association to maintain, has a limited Useful Life, predictable Remaining Useful Life expectancies, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold cost. An "operating" expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a roof for damage caused by high winds or other weather elements would be considered an "operating" expense. However, if the entire roof needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a Reserve expense.

The GREY area of "maintenance" items that are often seen in a Reserve Study –

One of the most popular questions revolves around major "maintenance" items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a "capital" item, then it cannot be considered a Reserve issue. However, it is the opinion of several major Reserve Study providers that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to ignore a major expense that meets the criteria to be considered a Reserve component. Once explained in this context, many accountants tend to agree and will include any expenses, such as these examples, as a Reserve component.

The Property Observation –

The Property Observation was conducted following a review of the documents that were established by the developer identifying all common area assets. In some cases, the Board of Directors at some point may have revised the documents. In either case, the most current set of documents was reviewed prior to inspecting the property. In addition, common area assets may have been reported to Aspen Reserve Specialties by the client, or by other parties.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the observation. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the observation. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property.

The Reserve Fund Analysis –

We projected the starting balance from taking the most recent balance statement, adding expected Reserve contributions for the rest of the year, and subtracting any pending projects for the rest of the year. We compared this number to the ideal Reserve Balance and arrived at the Percent funded level. Measures of strength are as follows:

0% - 30% Funded – Is considered to be a "weak" financial position. Associations that fall into this category are subject to Special Assessments and deferred maintenance, which could lead to lower property values. If the association is in this position, actions should be taken to improve the financial strength of the Reserve Fund.

31% - 69% Funded – The majority of associations are considered to be in this "fair" financial position. While this doesn't represent financial strength and stability, the likelihood of Special Assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the Reserve fund.

70% - 99% Funded – This indicates financial strength of a Reserve fund and every attempt to maintain this level should be a goal of the association.

100% Funded – This is the ideal amount of Reserve funding. This means that the association has the exact amount of funds in the Reserve account that should be at any given time.

Summary of Woody Creek Townhomes - Association ID # - 09303-16

Projected Starting Balance as of January 1, 2016 -	**$157,400**
Ideal Reserve Balance as of January 1, 2016 -	**$611,210**
Percent Funded as of January 1, 2016 -	**26%**
Recommended Reserve Allocation (per month) -	**$1,000 (rest of 2016)**
Recommended Reserve Allocation (per month) -	**$8,000 (starting 2017)**
Minimum Reserve Allocation (per month) -	**$7,700 (starting 2017)**
Recommended Special Assessment -	**$0**

Information to complete this Reserve Analysis was gathered during a property observation of the common area elements on January 18, 2016. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representative (Community Manager). To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property contains 70 townhome style units within 7 different buildings that were constructed in 1977 (5 buildings) and 1983 (2 buildings). Common area amenities the association is responsible to maintain include building exterior surfaces, landscaping, private driveways and parking areas, and an irrigation system. Please refer to the *Projected Reserve Expenditures* table of the Financial Analysis section for a list of when components are scheduled to be addressed.

In comparing the projected balance of $157,400 versus the ideal Reserve Balance of $611,210, we find the association Reserve fund to be in a less than average financial position at this point in time (only 26% funded of ideal). Associations in this position are typically susceptible to Special Assessments and deferred maintenance which can lead to lower property values. However, since the association has already established a budget for 2016, we suggest keeping the Reserve contribution at the budgeted amount of $1,000 for the rest of the year. In order to strengthen the Reserve account, a substantial increase will be necessary starting in 2017. If you refer to the *Funding Summary* page of the Financial Analysis section, you will see we are recommending an increase of the Reserve contribution to $8,000 (representing an increase of approximately $100.00 per unit) per month starting January 2017. This should be followed by nominal annual increases of 2.00% thereafter to help offset the effects of inflation. By following the recommendation, the plan will increase the Reserve account to a fully funded position within the thirty-year period.

In the percent Funded graph, you will see we have also provided a “minimum Reserve contribution” of $7,700 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where Special Assessments, deferred maintenance, and lower property values are possible at some point in the future. The minimum Reserve allocation follows the “threshold” theory of Reserve funding where the ”percent funded” status is not allowed to dip below 30% funded at any point during the thirty-year period.

This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money to the Reserve fund to only stay above a certain threshold. As you can see, the difference between the two scenarios is considered to be minimal, and based on the risk, we strongly suggest the recommended Reserve Allocation is followed.

Comp #: 105 Comp Shingle Roof - Replace

Observations:

- Roof shingles appear to be in good condition with recent replacement.
- It appears this roof material is rated as a 30 - 35 year product. Despite this rating, a life expectancy of 15 - 20 years is expected in this environment.
- Due to the potentially harsh winters, extensive freeze/thaw cycle, and likelihood of hail events over the useful life of the roof, we typically see associations replacing roofs sooner than the manufacturer's suggested useful life.
- Remaining life is based on age of roof and observed conditions.

Location: ***Unit building roofs***

Quantity: ***Approx. 765 squares***

Life Expectancy: ***20*** *Remaining Life:* ***19***

Best Cost: ***$287,250***

$375/square; Estimate to remove and replace

Worst Cost: ***$325,550***

$425/square; Higher estimate for more labor costs

Source of Information: Cost Database

General Notes:

Mailbox enclosure - 1 square
Building 5280 - 125 squares
Building 5270 - 95 squares
Building 5260 - 160 squares
Building 5250 - 95 squares
Building 5230 - 95 squares
Building 5220 - 95 squares
Building 5210 - 100 squares

Comp #: 120 Gutters/Downspouts - Replace

Observations:

- It is typical to replace gutters and downspouts at the same time as roofing materials.
- However, it does not appear these lines were replaced recently along with the roof.
- We recommend cleaning debris out of lines at least twice a year to prevent clogging and mositure retention that can lead to advanced deterioration.
- The average life expectancy for gutter lines ranges between 20 - 25 years depending on the quality of the materials.

Location: ***Perimeter of unit bldg roofs***

Quantity: ***Approx. 7100 LF***

Life Expectancy: ***25*** *Remaining Life:* ***8***

Best Cost: ***$40,825***

$5.75/LF; Estimate to replace

Worst Cost: ***$46,150***

$6.50/LF: Higher estimate for larger lines

Source of Information: Cost Database

General Notes:

Building 5280 - 1000 LF
Building 5270 - 990 LF
Building 5260 - 1260 LF
Building 5250 - 990 LF
Building 5230 - 990 LF
Building 5220 - 990 LF
Building 5210 - 880 LF

Comp #: 202 Trim Work/Doors - Repaint

Observations:

- Repaint these surfaces approximately every 4 to 6 years to maintain appearance and protect materials.

- Remaining life based on current age and condition.

Location: ***Unit buildings***

Quantity: ***(70) Units***

Life Expectancy: ***6*** *Remaining Life:* ***2***

Best Cost: ***$43,750***

$625/unit; Estimate to repaint

Worst Cost: ***$49,000***

$700/unit; Higher estimate for more prep work

Source of Information: Cost Database

General Notes:

Comp #: 306 Brick - Major Repairs

Observations:

- Typically, bricks have an extended life expectancy and complete replacement is unlikely.
- There are times where minor repairs may become necessary, but this is unpredictable when and how much would occur.
- Repairs should be handled as a maintenance issue on an as needed basis.
- Reserve funding is not required for this component at this time.
- If it later turns out that frequent repairs are necessary, then funding could be added in future Reserve Study updates.

Location: ***Siding materials on buildings***

Quantity: ***Approx. 28,575 GSF***

Life Expectancy: ***N/A*** *Remaining Life:*

Best Cost: ***$0***

Worst Cost: ***$0***

Source of Information:

General Notes:

Building 5280 - 5180 GSF
Building 5270 - 3180 GSF
Building 5260 - 6525 GSF
Building 5250 - 3180 GSF
Building 5230 - 3180 GSF
Building 5220 - 3180 GSF
Building 5210 - 4150 GSF

Comp #: 310 Metal Siding - Replace (PH 3)

Observations:

- There was extensive damage noted on building 5280
- The average life expectancy for this material ranges from 40 - 50 years under normal conditions.
- This material is subject to damage from hail storms, rocks, children, etc.
- Over a period of time, while the siding may still be effective, the appearance becomes deteriorated to a point where replacement is necessary to restore the appearance of the community.
- To ease budgeting concerns, we have cycled replacement to occur over a 3 year period to spread out the expense.

Location: ***See general notes***

Quantity: ***Approx. 21,140 GSF***

Life Expectancy: ***50*** *Remaining Life:* ***7***

Best Cost: ***$158,550***

$7.50/GSF; Estimate to replace

Worst Cost: ***$174,400***

$8.25/GSF; Higher estimate for better material

Source of Information: Cost Database

General Notes:

Building 5230 - 6720 GSF
Building 5220 - 6720 GSF
Building 5210 - 7700 GSF

Comp #: 310 Metal Siding - Replace (PH 2)

Observations:

- There was extensive damage noted on building 5280
- The average life expectancy for this material ranges from 40 - 50 years under normal conditions.
- This material is subject to damage from hail storms, rocks, children, etc.
- Over a period of time, while the siding may still be effective, the appearance becomes deteriorated to a point where replacement is necessary to restore the appearance of the community.
- To ease budgeting concerns, we have cycled replacement to occur over a 3 year period to spread out the expense.

Location: ***See general notes***

Quantity: ***Approx. 16,020 GSF***

Life Expectancy: ***50*** *Remaining Life:* ***6***

Best Cost: ***$120,150***

$7.50/GSF; Estimate to replace

Worst Cost: ***$132,175***

$8.25/GSF; Higher estimate for better material

Source of Information: Cost Database

General Notes:

Building 5250 - 6720 GSF
Building 5260 - 9300 GSF

Comp #: 310 Metal Siding - Replace (PH 1)

Observations:

- There was extensive damage noted on building 5280
- The average life expectancy for this material ranges from 40 - 50 years under normal conditions.
- This material is subject to damage from hail storms, rocks, children, etc.
- Over a period of time, while the siding may still be effective, the appearance becomes deteriorated to a point where replacement is necessary to restore the appearance of the community.
- To ease budgeting concerns, we have cycled replacement to occur over a 3 year period to spread out the expense.

Location: ***See general notes***

Quantity: ***Approx. 14,055 GSF***

Life Expectancy: ***50*** *Remaining Life:* ***5***

Best Cost: ***$105,425***

$7.50/GSF; Estimate to replace

Worst Cost: ***$115,950***

$8.25/GSF; Higher estimate for better material

Source of Information: Cost Database

General Notes:

Mailbox enclosure - 280 GSF
Building 5280 - 7055 GSF
Building 5270 - 6720 GSF

Comp #: 401 Asphalt - Major Overlay (5210)

Observations:

- This line item is for major replacement of asphalt pavement or a roto mill and resurfacing, the decision regarding which applications and products to use is ultimately up to the BOD and include but are not limited to: double chip seal, mill and overlay, cape seal, hot chip seal or complete reconstruction.
- The costs of these projects vary depending on the product chosen, we have provided an average cost for major replacement or substantial application of a new surface
- Research options and consult a reputable contractor prior to deciding on a product for street/parking resurfacing.
- Area has been split in 3 different sections based on various conditions

Location: ***Driveways and parking spaces***

Quantity: ***Approx. 10,600 GSF***

Life Expectancy: ***25*** *Remaining Life:* ***0***

Best Cost: ***$23,850***

$2.25/GSF; Est. to rotomill and 2" overlay

Worst Cost: ***$26,500***

$2.50/GSF; Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

Comp #: 401 Asphalt - Major Overlay (5250/5260)

Observations:

- This line item is for major replacement of asphalt pavement or a roto mill and resurfacing, the decision regarding which applications and products to use is ultimately up to the BOD and include but are not limited to: double chip seal, mill and overlay, cape seal, hot chip seal or complete reconstruction.
- The costs of these projects vary depending on the product chosen, we have provided an average cost for major replacement or substantial application of a new surface
- Research options and consult a reputable contractor prior to deciding on a product for street/parking resurfacing.
- Area has been split in 3 different sections based on various conditions

Location: ***Driveways and parking spaces***

Quantity: ***Approx. 27,475 GSF***

Life Expectancy: ***20*** *Remaining Life:* ***6***

Best Cost: ***$61,800***

$2.25/GSF; Est. to rotomill and 2" overlay

Worst Cost: ***$68,700***

$2.50/GSF; Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

Comp #: 401 Asphalt - Major Overlay (5270)

Observations:

- This line item is for major replacement of asphalt pavement or a roto mill and resurfacing, the decision regarding which applications and products to use is ultimately up to the BOD and include but are not limited to: double chip seal, mill and overlay, cape seal, hot chip seal or complete reconstruction.
- The costs of these projects vary depending on the product chosen, we have provided an average cost for major replacement or substantial application of a new surface
- Research options and consult a reputable contractor prior to deciding on a product for street/parking resurfacing.
- Area has been split in 3 different sections based on various conditions

Location: ***Driveways and parking spaces***

Quantity: ***Approx. 7,200 GSF***

Life Expectancy: ***20*** *Remaining Life:* ***13***

Best Cost: ***$16,200***

$2.25/GSF; Est. to rotomill and 2" overlay

Worst Cost: ***$18,000***

$2.50/GSF; Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

Comp #: 401 Asphalt - Remove and Regrade (5210)

Observations:

- It was reported the surface needs regrading to improve drainage.

- This is expected to be a one time expense, thus the "99" year udeful life.

Location: ***Driveways and parking spaces***

Quantity: ***Approx. 10,600 GSF***

Life Expectancy: ***99*** *Remaining Life:* ***0***

Best Cost: ***$37,100***

$3.50/GSF; Est. to remove and regrade

Worst Cost: ***$42,400***

$4.00/GSF; Higher estimate for more labor

Source of Information: Cost Database

General Notes:

Comp #: 402 Asphalt - Surface Application

Observations:

- Surface treatments are used to extend the useful life of asphalt and to help maintain aesthetics; there are a broad range of products to choose from so we recommend consulting a reputable contractor for your community's needs.
- The recommendation is an allowance for the mid range surface treatments that are available in today's market.
- Expect to seal coat, chip seal or slurry seal your asphalt every 4 - 5 years, as the asphalt ages it may be necessary to adjust the frequency and or cost of these projects.

Location: ***Common area driveways/parking areas***

Quantity: ***Approx. 45,275 GSF***

Life Expectancy: ***5*** *Remaining Life:* ***3***

Best Cost: ***$11,325***

$.25/GSF; Estimate for seal coat only

Worst Cost: ***$13,600***

$.30/GSF; Higher est. includes repairs/crack fill

Source of Information: Cost Database

General Notes:

5210 - Approx. 10,600 GSF
5250/5260 - Approx. 27,475 GSF
5270 - Approx. 7,200 GSF

Comp #: 403 Concrete - Repair/Replace

Observations:

- Several driveways are in poor condition with extensive cracking.
- It is unlikely that all concrete will fail and need to be replaced at the same time, therefore, we recommend reserving an allowance for periodic repairs to a percentage of the total area.
- Coordinate this project with other concrete and/or asphalt projects for best cost estimates based on quantity of work.

Location: ***Unit driveways, aprons, curb lines***

Quantity: ***Approx. 14,200 GSF***

Life Expectancy: ***5*** *Remaining Life:* ***0***

Best Cost: ***$24,000***

Allowance to replace 25% of area every 5 years

Worst Cost: ***$25,750***

Higher allwoance for more repairs

Source of Information: Cost Database

General Notes:

Drain Pans - 3975 GSF
Concrete aprons - 1550 GSF
curb lines - 1875 LF

Unit driveways -
Building 5280 - 3200 GSF
Building 5260 - 600 GSF
Building 5250 - 875 GSF
Building 5230 - 875 GSF
Building 5220 - 850 GSF
Building 5210 - 400 GSF

Comp #: 502 Garage Doors - Replace

Observations:

- The declarations are unclear as to the responsibility of the doors. All doors differ from unit to unit, so it is assumed the unit owner is responsible for replacement.
- Some associations decide to include garage doors as an association expense to obtain the best cost available and to maintain a consistent appearance for the association.
- Unless otherwise noted, Reserve funding will not be included based on the assumption stated above
- We suggest the association establish a design guideline so that when an owner goes to replace a door, it will match and be consistent with the others.

Location: ***At each garage***

Quantity: ***(70) 7x9 doors***

Life Expectancy: ***N/A*** *Remaining Life:*

Best Cost: ***$0***

Worst Cost: ***$0***

Source of Information:

General Notes:

Comp #: 601 Concrete Flatwork - Partial Replace

Observations:

- Similar to the concrete driveways, it is unlikely that all areas will fail and need to be replaced at the same time.

- Therefore, we set an allowance of 10% of the total area measured (450 GSF) to be repaired every 5 years.

- As the property continues to age, it is likely that the percentage of repairs will need to be adjusted in future Reserve Study updates.

Location: ***Sidewalks to units and stoops***

Quantity: ***Approx. 4,415 GSF***

Life Expectancy: ***5*** *Remaining Life:* ***0***

Best Cost: ***$3,600***

Allowance to repair 10% of area every 5 years

Worst Cost: ***$4,050***

Higher allowance for more repairs

Source of Information: Cost Database

General Notes:

between 5250 & 5270 - 960 GSF
between 5220 & 5230 - 960 GSF
Building 5280 - 250 GSF
Building 5270 - 1170 GSF

Building 5250 - 250 GSF
Building 5230 - 250 GSF
Building 5220 - 250 GSF
Building 5210 - 325 GSF

Comp #: 803 Mailboxes - Replace

Observations:

- Based on our experience, these boxes will have a life expectancy of 20 - 30 years due to location and quality.

- Remaining life is based on age and observed condition.

Location: ***By 5250***

Quantity: ***(3) CBU's, (2) parcels***

Life Expectancy: ***25*** *Remaining Life:* ***5***

Best Cost: ***$6,950***

$1650/CBU, $1000/parcel; Average est to replace

Worst Cost: ***$8,200***

$1900/CBU, $1250/parcel; Higher estimate

Source of Information: Cost Database

General Notes:

(1) 18 box (new)
(2) 24 box (both old)
(2) 2 box parcel (old)

Building 5280 - (10) individual boxes (all differ)

Comp #: 1001 Wood Fencing - Replace

Observations:

- All privacy fences are different from unit to unit, and not all units contain a privacy fence. Therefore, it is assumed these are the responsibility of each unit.

- The fences included in this item are considered to be the rail fence and the trash enclosures

- The remaining life is based on average conditions for all fences.

Location: ***Trash enclosures, rail fence***

Quantity: ***Approx. 305 LF***

Life Expectancy: ***12*** *Remaining Life:* ***6***

Best Cost: ***$7,625***
Average estimate to replace

Worst Cost: ***$9,150***
Higher estimate for better material

Source of Information: Cost Database

General Notes:

Privacy fence -
Building 5280 - 325 LF
Building 5260 - 500 LF
Building 5270 - 200 LF (all fences are different)
Building 5250 - minimal
Building 5230 - minimal
Building 5220 - minimal
Building 5210 - Approx. 225 LF (all fences are different)

Trash Enclosures -
5270 - 35 LF
5230 - 40 LF

wood rail fence -
from 5260 & 5210 - 230 LF

Comp #: 1002 Iron Railing - Replace

Observations:

- Inconsistent locations throughout the community.
- Assume the responsibility of the individual owners in which these railings serve.
- Therefore, at this time, separate Reserve funding is not required for this component

Location: ***See general notes***

Quantity: ***Approx. 105 LF***

Life Expectancy: ***N/A*** *Remaining Life:*

Best Cost: ***$0***

Worst Cost: ***$0***

Source of Information:

General Notes:

Building 5270 - 25 LF
Building 5250 - 15 LF
Building 5230 - 50 LF
Building 5220 - 15 LF

Comp #: 1011 Retaining Wall - Replace

Observations:

- Generally, in most conditions, these walls have an overall life expectancy of 20 - 30 years.
- However, with periodic repairs, the life of the wall can be extended.
- Suggest establishing funding to replace this wall every 30 years at this time.

Location: ***Behind 5210***

Quantity: ***Approx. 600 GSF***

Life Expectancy: ***28*** *Remaining Life:* ***13***

Best Cost: ***$27,000***

$45/GSF; Estimate to replace

Worst Cost: ***$30,000***

$50/GSF; Higher estimate for better quality

Source of Information: Cost Database

General Notes:

Comp #: 1602 Exterior Wall Mount - Replace

Observations:

- Fixtures differ from unit to unit.
- Therefore, it is assumed these lights are the responsibility of each owner to replace when necessary.
- Reserve funding is not required for this component at this time unless the association makes a decision to replace as a whole to maintain a consistent appearance.
- If association decides to replace all at the same time, the cost for the replacement will depend on the quality of the fixture installed.

Location: ***Attached to walls of each building***

Quantity: ***Approx. 200 lights***

Life Expectancy: ***N/A*** *Remaining Life:*

Best Cost: ***$0***

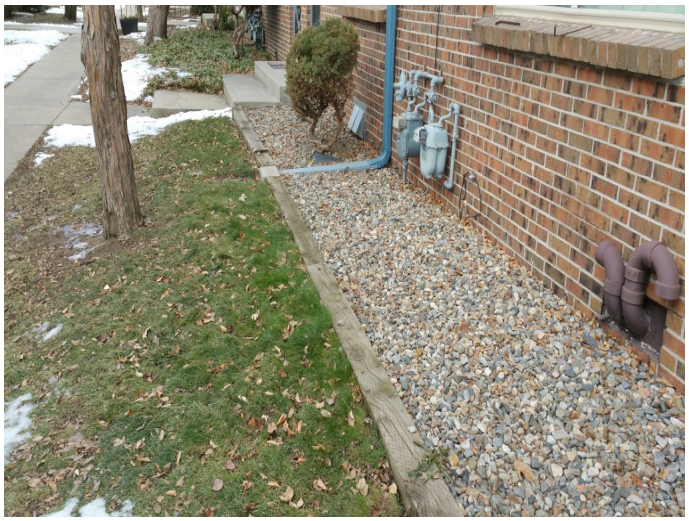
Worst Cost: ***$0***

Source of Information:

General Notes:

Building 5280 - 20 lights
Building 5270 - 30 lights
Building 5260 - 36 lights
Building 5250 - 30 lights
Building 5230 - 30 lights
Building 5220 - 30 lights
Building 5210 - 24 lights

Comp #: 1701 Irrigation System - Partial Rebuild



Observations:

- This line item is for repairs and replacement that lies outside the scope of routine maintenance: controller replacement, bulk sprinkler head replacement, bulk valve replacement, rerouting lateral lines, rewiring, etc.
- In order to ensure the funds are available for major repairs, we recommend reserving funds for these projects every 4 - 5 years.
- The funding on this line item is for major repairs and is not to be interpreted as complete irrigation system replacement.

Location: ***Landscaped areas***

Quantity: ***Moderate sized system***

Life Expectancy: ***5*** *Remaining Life:* ***4***

Best Cost: ***$7,500***

Allowance for major repairs and renovating system

Worst Cost: ***$8,500***

Higher allowance for more repairs

Source of Information: Cost Database

General Notes:

Comp #: 1801 Groundcover - Replenish

Observations:

- This line item, similar to irrigation repairs, is for projects that lie outside the scope of routine maintenance.

- In order to preserve an attractive curb appeal and to maintain the health of the plants and shrubs, we recommend reserving for refurbishment projects every 5 - 6 years.

- This line item is for cyclical refurbishment and should not be considered as complete landscaping replacement.

Location: ***Common areas***

Quantity: ***Moderate area***

Life Expectancy: ***6*** *Remaining Life:* ***3***

Best Cost: ***$6,500***

Estimate for general refurbishment

Worst Cost: ***$7,000***

Higher estimate for more material

Source of Information: Cost Database

General Notes:

Comp #: 1804 Tree - Replacement

Observations:

- Trees appeared to be healthy and in good condition at time of site evaluation.
- It is very difficult to predict a replacement cycle for trees as there are several factors such as disease, infestation of insects, heavy snow storms, etc. can all attribute to eventual tree replacement.
- Since it is difficult to predict when the replacement will be necessary, Reserve funding is typically not a factor.
- Therefore, unless requested by the association, Reserve funding will not be included as part of the study for this component.

Location: ***Common areas***

Quantity: ***Numerous sizes and types***

Life Expectancy: ***N/A*** *Remaining Life:*

Best Cost: ***$0***

Worst Cost: ***$0***

Source of Information:

General Notes:

Comp #: 1904 Storage Shed - Replace

Observations:

- The average life expectancy for these sheds typically ranges from 15 - 20 years under normal conditions.

- The remaining life is based on the observed condition and assumed age of the unit.

Location: ***Adjacent to 5260***

Quantity: ***(1) 10x9 shed***

Life Expectancy: ***18*** *Remaining Life:* ***7***

Best Cost: ***$1,200***

Estimate to replace with similar quality

Worst Cost: ***$1,500***

Higher estimate for better quality

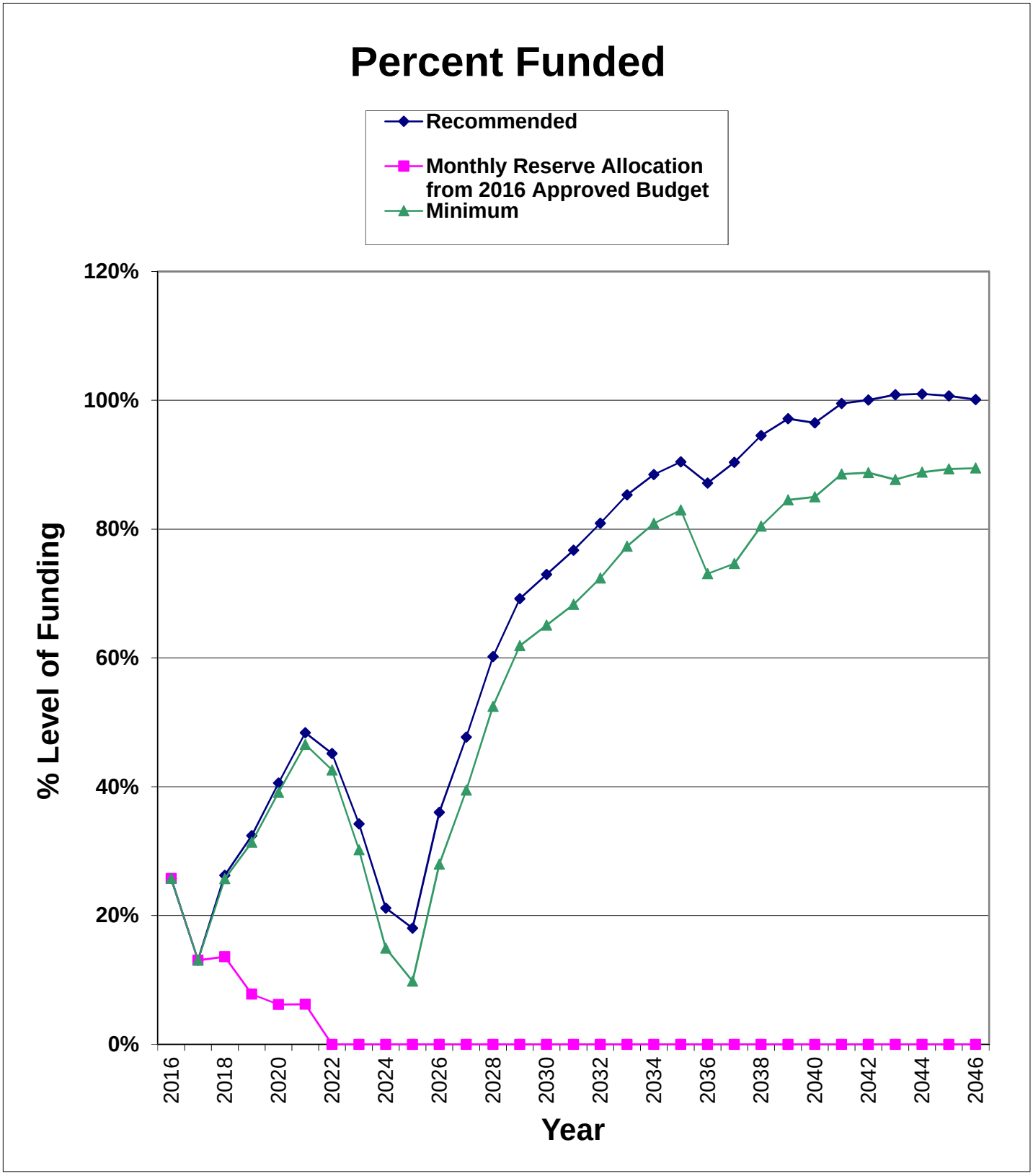
Source of Information: Cost Database

General Notes:

Funding Summary For Woody Creek Townhomes

Beginning Assumptions	
Financial Information Source	Research With Client
# of units	70
Fiscal Year End	December 31, 2016
Monthly Dues from 2016 Approved budget	$10,150.00
Monthly Reserve Allocation from 2016 Approved Budget	$1,000.00
Projected Starting Reserve Balance (as of 1/1/2016)	$157,400
Ideal Starting Reserve Balance (as of 1/1/2016)	$611,210
Economic Factors	
Past 20 year Average Inflation Rate (based on CCI)	3.50%
Current Average Interest Rate	1.00%
Current Reserve Status	
Current Balance as a % of Ideal Balance	26%
Recommendations for 2016 Fiscal Year	
Monthly Reserve Allocation (2016)	$1,000
Per Unit	$14.29
Monthly Reserve Allocation (starting 2017)	$8,000
Per Unit	$114.29
Minimum Monthly Reserve Allocation (starting 2017)	$7,700
Per Unit	$110.00
Nominal Annual Increases	2.00%
# of Years	30
Special Assessment	$0
Per Unit	$0
Changes to Current 2016 Budget	
Increase/Decrease to Reserve Allocation	$0
as Percentage	0%
Per Unit	$0.00
Changes from 2016 to 2017	
Increase/Decrease to Reserve Allocation	$7,000
as Percentage	700%
Per Unit	$100.00

Percent Funded Graph For Woody Creek Townhomes



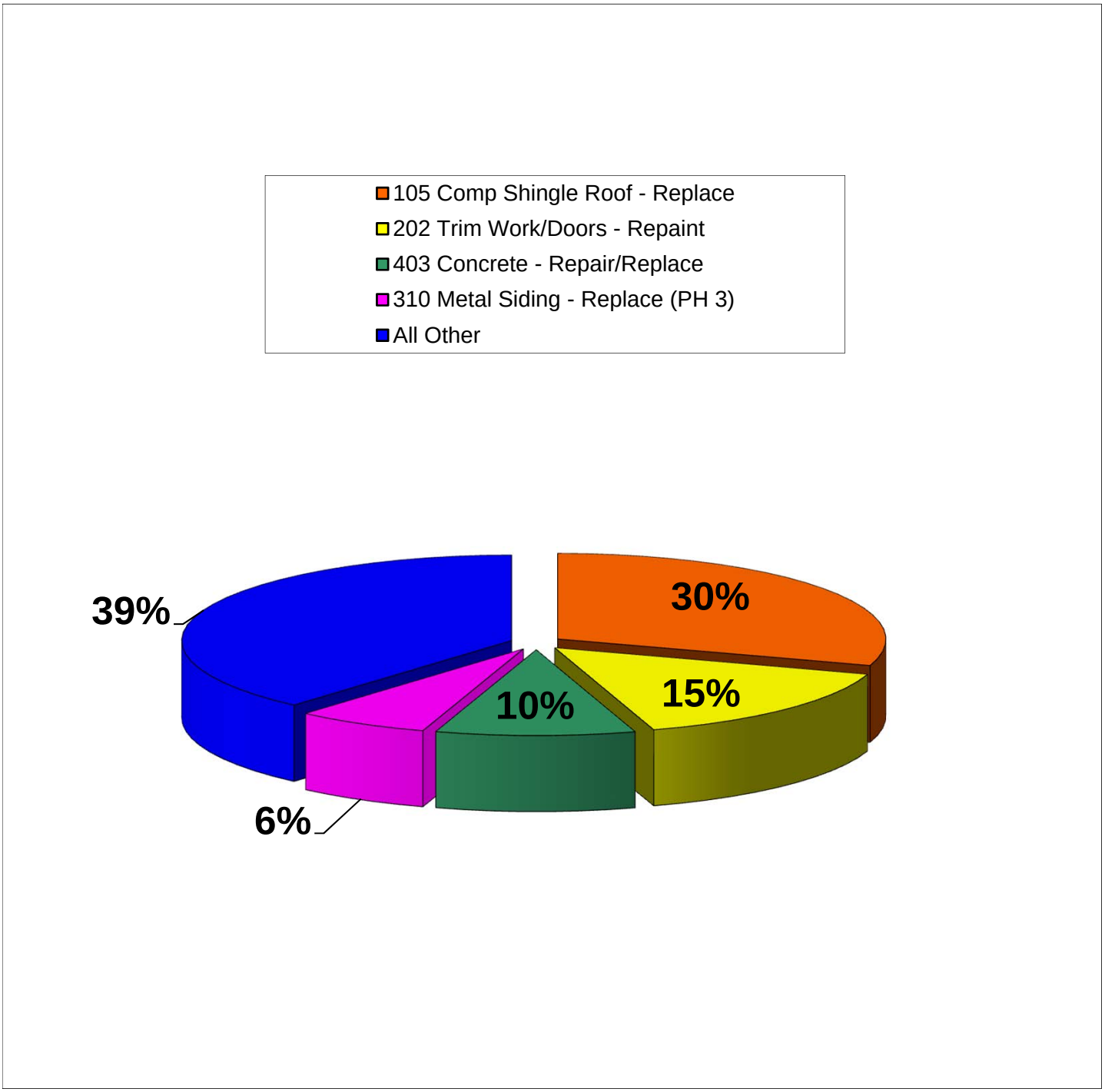
Component Inventory for Woody Creek Townhomes

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	105	Comp Shingle Roof - Replace	20	19	$287,250	$325,550
	120	Gutters/Downspouts - Replace	25	8	$40,825	$46,150
Painted Surfaces	202	Trim Work/Doors - Repaint	6	2	$43,750	$49,000
Siding Materials	306	Brick - Major Repairs	N/A		$0	$0
	310	Metal Siding - Replace (PH 3)	50	7	$158,550	$174,400
	310	Metal Siding - Replace (PH 2)	50	6	$120,150	$132,175
	310	Metal Siding - Replace (PH 1)	50	5	$105,425	$115,950
Drive Materials	401	Asphalt - Major Overlay (5210)	25	0	$23,850	$26,500
	401	Asphalt - Major Overlay (5250/5260)	20	6	$61,800	$68,700
	401	Asphalt - Major Overlay (5270)	20	13	$16,200	$18,000
	401	Asphalt - Remove and Regrade (5210)	99	0	$37,100	$42,400
	402	Asphalt - Surface Application	5	3	$11,325	$13,600
	403	Concrete - Repair/Replace	5	0	$24,000	$25,750
Property Access	502	Garage Doors - Replace	N/A		$0	$0
Walking Surfaces	601	Concrete Flatwork - Partial Replace	5	0	$3,600	$4,050
Prop. Identification	803	Mailboxes - Replace	25	5	$6,950	$8,200
Fencing/Walls	1001	Wood Fencing - Replace	12	6	$7,625	$9,150
	1002	Iron Railing - Replace	N/A		$0	$0
	1011	Retaining Wall - Replace	28	13	$27,000	$30,000
Light Fixtures	1602	Exterior Wall Mount - Replace	N/A		$0	$0
Irrig. System	1701	Irrigation System - Partial Rebuild	5	4	$7,500	$8,500
Landscaping	1801	Groundcover - Replenish	6	3	$6,500	$7,000
	1804	Tree - Replacement	N/A		$0	$0
Maintenance Equip.	1904	Storage Shed - Replace	18	7	$1,200	$1,500

Significant Components For Woody Creek Townhomes

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL) As $	As %
105	Comp Shingle Roof - Replace	20	19	$306,400	$15,320	30.0204%
120	Gutters/Downspouts - Replace	25	8	$43,488	$1,740	3.4086%
202	Trim Work/Doors - Repaint	6	2	$46,375	$7,729	15.1457%
310	Metal Siding - Replace (PH 1)	50	5	$110,688	$2,214	4.3380%
310	Metal Siding - Replace (PH 2)	50	6	$126,163	$2,523	4.9444%
310	Metal Siding - Replace (PH 3)	50	7	$166,475	$3,330	6.5243%
401	Asphalt - Major Overlay (5210)	25	0	$25,175	$1,007	1.9733%
401	Asphalt - Major Overlay (5250/5260)	20	6	$65,250	$3,263	6.3930%
401	Asphalt - Major Overlay (5270)	20	13	$17,100	$855	1.6754%
401	Asphalt - Remove and Regrade (5210)	99	0	$39,750	$0	0.0000%
402	Asphalt - Surface Application	5	3	$12,463	$2,493	4.8842%
403	Concrete - Repair/Replace	5	0	$24,875	$4,975	9.7488%
601	Concrete Flatwork - Partial Replace	5	0	$3,825	$765	1.4991%
803	Mailboxes - Replace	25	5	$7,575	$303	0.5937%
1001	Wood Fencing - Replace	12	6	$8,388	$699	1.3696%
1011	Retaining Wall - Replace	28	13	$28,500	$1,018	1.9945%
1701	Irrigation System - Partial Rebuild	5	4	$8,000	$1,600	3.1353%
1801	Groundcover - Replenish	6	3	$6,750	$1,125	2.2045%
1904	Storage Shed - Replace	18	7	$1,350	$75	0.1470%

Significant Components Graph For Woody Creek Townhomes

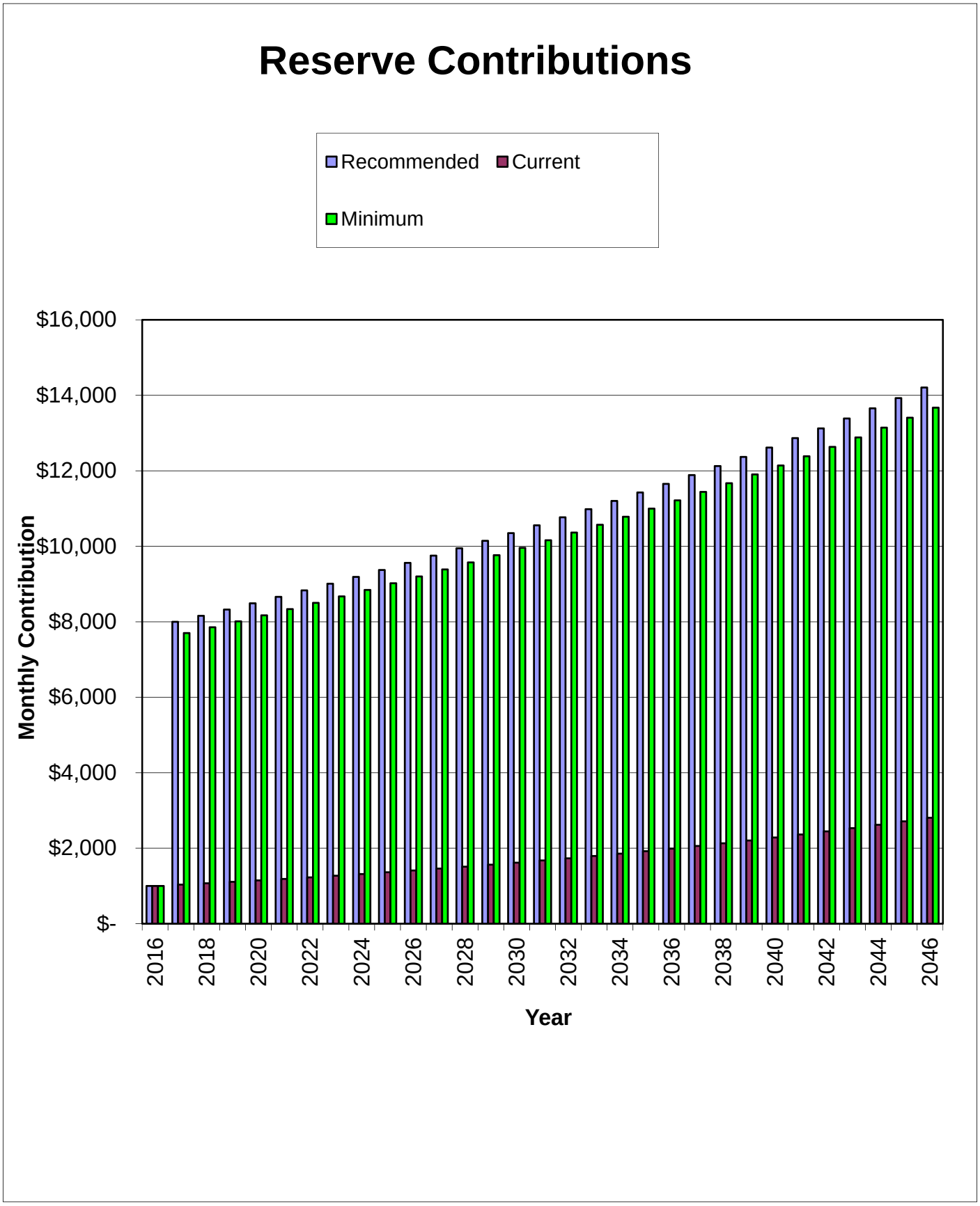


Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL) As $	As %
105	Comp Shingle Roof - Replace	20	19	$306,400	$15,320	30%
202	Trim Work/Doors - Repaint	6	2	$46,375	$7,729	15%
403	Concrete - Repair/Replace	5	0	$24,875	$4,975	10%
310	Metal Siding - Replace (PH 3)	50	7	$166,475	$3,330	7%
All Other	See Expanded Table For Breakdown				$19,678	39%

Yearly Summary For Woody Creek Townhomes

Year	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2016	$611,210	$157,400	26%	$12,000	$0	$1,171	$93,625
2017	$588,519	$76,946	13%	$96,000	$0	$1,255	$0
2018	$663,783	$174,201	26%	$97,920	$0	$1,992	$49,678
2019	$692,179	$224,436	32%	$99,878	$0	$2,649	$21,301
2020	$752,919	$305,662	41%	$101,876	$0	$3,536	$9,180
2021	$830,380	$401,894	48%	$103,913	$0	$3,683	$174,545
2022	$741,520	$334,945	45%	$105,992	$0	$2,664	$245,605
2023	$578,199	$197,995	34%	$108,112	$0	$1,460	$213,520
2024	$444,641	$94,046	21%	$110,274	$0	$822	$134,742
2025	$390,297	$70,399	18%	$112,479	$0	$1,171	$20,103
2026	$455,137	$163,947	36%	$114,729	$0	$2,020	$40,484
2027	$503,670	$240,212	48%	$117,023	$0	$3,001	$0
2028	$598,412	$360,236	60%	$119,364	$0	$4,218	$0
2029	$699,168	$483,819	69%	$121,751	$0	$5,016	$90,807
2030	$712,258	$519,778	73%	$124,186	$0	$5,403	$88,017
2031	$731,587	$561,352	77%	$126,670	$0	$5,977	$59,391
2032	$784,211	$634,608	81%	$129,203	$0	$7,024	$0
2033	$903,244	$770,835	85%	$131,787	$0	$8,406	$0
2034	$1,029,649	$911,028	88%	$134,423	$0	$9,633	$38,729
2035	$1,123,712	$1,016,356	90%	$137,112	$0	$7,863	$604,434
2036	$638,995	$556,896	87%	$139,854	$0	$5,547	$149,383
2037	$611,845	$552,913	90%	$142,651	$0	$6,201	$13,901
2038	$727,647	$687,864	95%	$145,504	$0	$7,641	$0
2039	$865,697	$841,009	97%	$148,414	$0	$9,056	$27,494
2040	$1,006,066	$970,986	97%	$151,382	$0	$10,423	$18,267
2041	$1,120,201	$1,114,524	99%	$154,410	$0	$11,317	$130,510
2042	$1,149,152	$1,149,741	100%	$157,498	$0	$10,970	$273,030
2043	$1,035,977	$1,045,179	101%	$160,648	$0	$11,221	$17,088
2044	$1,188,262	$1,199,960	101%	$163,861	$0	$12,714	$32,654
2045	$1,334,447	$1,343,881	101%	$167,138	$0	$14,231	$21,695

Reserve Contributions For Woody Creek Townhomes



Component Funding Information For Woody Creek Townhomes

ID	Component Name	Ave Current Cost	Future Cost	Ideal Balance	Current Fund Balance	Monthly
105	Comp Shingle Roof - Replace	$306,400	$589,054	$15,320	$0	$300.20
120	Gutters/Downspouts - Replace	$43,488	$57,265	$29,572	$0	$34.09
202	Trim Work/Doors - Repaint	$46,375	$49,678	$30,917	$30,917	$151.46
310	Metal Siding - Replace (PH 1)	$110,688	$131,462	$99,619	$22,898	$43.38
310	Metal Siding - Replace (PH 2)	$126,163	$155,086	$111,023	$0	$49.44
310	Metal Siding - Replace (PH 3)	$166,475	$211,803	$143,169	$0	$65.24
401	Asphalt - Major Overlay (5210)	$25,175	$59,495	$25,175	$25,175	$19.73
401	Asphalt - Major Overlay (5250/5260)	$65,250	$80,209	$45,675	$0	$63.93
401	Asphalt - Major Overlay (5270)	$17,100	$26,744	$5,985	$0	$16.75
401	Asphalt - Remove and Regrade (5210)	$39,750	$0	$39,750	$39,750	$0.00
402	Asphalt - Surface Application	$12,463	$13,817	$4,985	$4,985	$48.84
403	Concrete - Repair/Replace	$24,875	$29,544	$24,875	$24,875	$97.49
601	Concrete Flatwork - Partial Replace	$3,825	$4,543	$3,825	$3,825	$14.99
803	Mailboxes - Replace	$7,575	$8,997	$6,060	$0	$5.94
1001	Wood Fencing - Replace	$8,388	$10,310	$4,194	$0	$13.70
1011	Retaining Wall - Replace	$28,500	$44,573	$15,268	$0	$19.95
1701	Irrigation System - Partial Rebuild	$8,000	$9,180	$1,600	$1,600	$31.35
1801	Groundcover - Replenish	$6,750	$7,484	$3,375	$3,375	$22.04
1904	Storage Shed - Replace	$1,350	$1,718	$825	$0	$1.47

Yearly Cash Flow For Woody Creek Townhomes

Year	2016	2017	2018	2019	2020
Starting Balance	$157,400	$76,946	$174,201	$224,436	$305,662
Reserve Income	$12,000	$96,000	$97,920	$99,878	$101,876
Interest Earnings	$1,171	$1,255	$1,992	$2,649	$3,536
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$170,571	$174,201	$274,114	$326,963	$411,074
Reserve Expenditures	$93,625	$0	$49,678	$21,301	$9,180
Ending Balance	$76,946	$174,201	$224,436	$305,662	$401,894

Year	2021	2022	2023	2024	2025
Starting Balance	$401,894	$334,945	$197,995	$94,046	$70,399
Reserve Income	$103,913	$105,992	$108,112	$110,274	$112,479
Interest Earnings	$3,683	$2,664	$1,460	$822	$1,171
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$509,490	$443,600	$307,566	$205,142	$184,050
Reserve Expenditures	$174,545	$245,605	$213,520	$134,742	$20,103
Ending Balance	$334,945	$197,995	$94,046	$70,399	$163,947

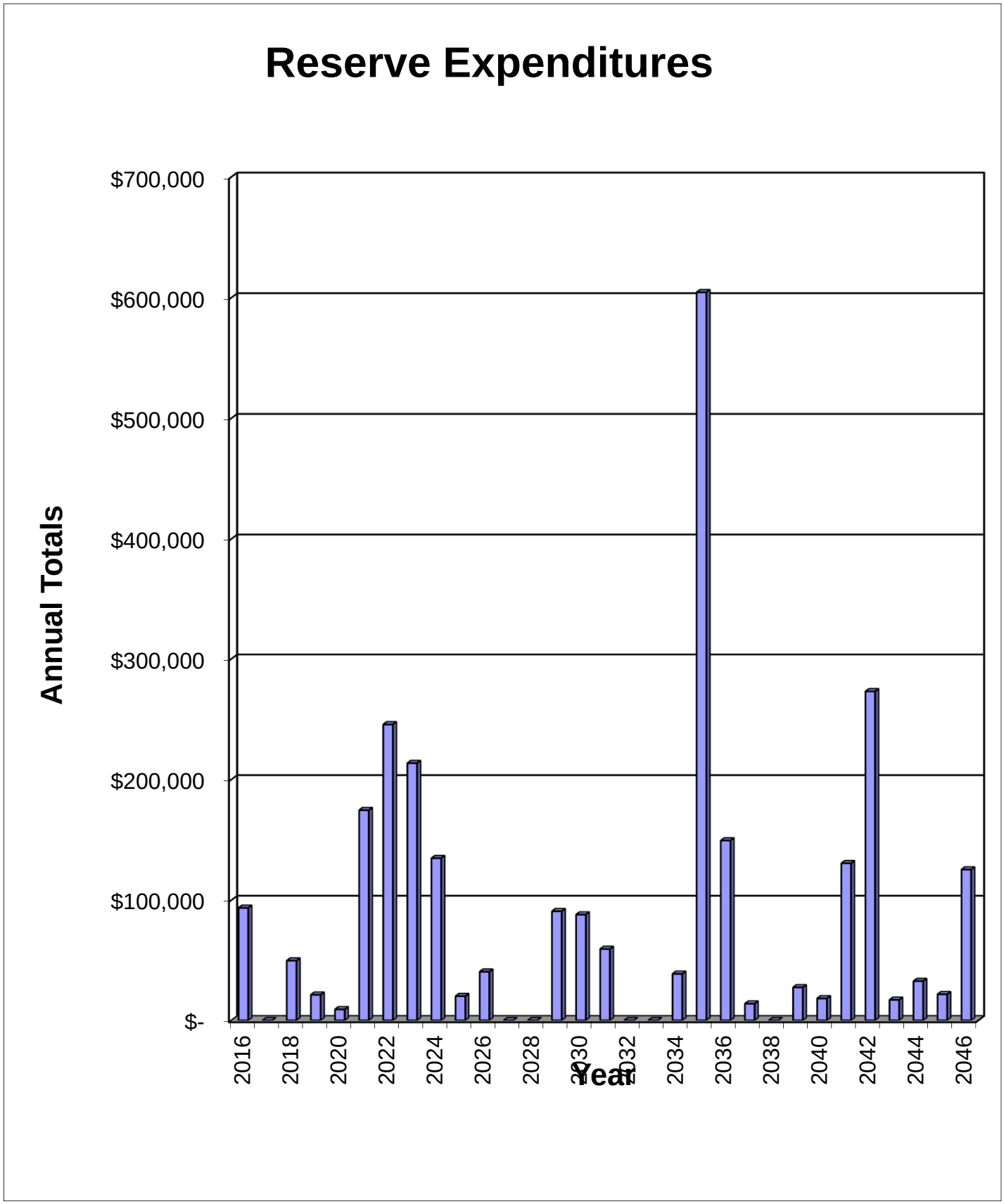
Year	2026	2027	2028	2029	2030
Starting Balance	$163,947	$240,212	$360,236	$483,819	$519,778
Reserve Income	$114,729	$117,023	$119,364	$121,751	$124,186
Interest Earnings	$2,020	$3,001	$4,218	$5,016	$5,403
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$280,696	$360,236	$483,819	$610,586	$649,368
Reserve Expenditures	$40,484	$0	$0	$90,807	$88,017
Ending Balance	$240,212	$360,236	$483,819	$519,778	$561,352

Year	2031	2032	2033	2034	2035
Starting Balance	$561,352	$634,608	$770,835	$911,028	$1,016,356
Reserve Income	$126,670	$129,203	$131,787	$134,423	$137,112
Interest Earnings	$5,977	$7,024	$8,406	$9,633	$7,863
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$693,999	$770,835	$911,028	$1,055,084	$1,161,330
Reserve Expenditures	$59,391	$0	$0	$38,729	$604,434
Ending Balance	$634,608	$770,835	$911,028	$1,016,356	$556,896

Year	2036	2037	2038	2039	2040
Starting Balance	$556,896	$552,913	$687,864	$841,009	$970,986
Reserve Income	$139,854	$142,651	$145,504	$148,414	$151,382
Interest Earnings	$5,547	$6,201	$7,641	$9,056	$10,423
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$702,296	$701,765	$841,009	$998,479	$1,132,791
Reserve Expenditures	$149,383	$13,901	$0	$27,494	$18,267
Ending Balance	$552,913	$687,864	$841,009	$970,986	$1,114,524

Year	2041	2042	2043	2044	2045
Starting Balance	$1,114,524	$1,149,741	$1,045,179	$1,199,960	$1,343,881
Reserve Income	$154,410	$157,498	$160,648	$163,861	$167,138
Interest Earnings	$11,317	$10,970	$11,221	$12,714	$14,231
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$1,280,251	$1,318,209	$1,217,048	$1,376,535	$1,525,250
Reserve Expenditures	$130,510	$273,030	$17,088	$32,654	$21,695
Ending Balance	$1,149,741	$1,045,179	$1,199,960	$1,343,881	$1,503,555

Yearly Expenditures Graph For Woody Creek Townhomes



Projected Reserve Expenditures For Woody Creek Townhomes

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2016	401	Asphalt - Major Overlay (5210)	$25,175	
	401	Asphalt - Remove and Regrade (5210)	$39,750	
	403	Concrete - Repair/Replace	$24,875	
	601	Concrete Flatwork - Partial Replace	$3,825	$93,625
2017		No Expenditures Projected		$0
2018	202	Trim Work/Doors - Repaint	$49,678	$49,678
2019	402	Asphalt - Surface Application	$13,817	
	1801	Groundcover - Replenish	$7,484	$21,301
2020	1701	Irrigation System - Partial Rebuild	$9,180	$9,180
2021	310	Metal Siding - Replace (PH 1)	$131,462	
	403	Concrete - Repair/Replace	$29,544	
	601	Concrete Flatwork - Partial Replace	$4,543	
	803	Mailboxes - Replace	$8,997	$174,545
2022	310	Metal Siding - Replace (PH 2)	$155,086	
	401	Asphalt - Major Overlay (5250/5260)	$80,209	
	1001	Wood Fencing - Replace	$10,310	$245,605
2023	310	Metal Siding - Replace (PH 3)	$211,803	
	1904	Storage Shed - Replace	$1,718	$213,520
2024	120	Gutters/Downspouts - Replace	$57,265	
	202	Trim Work/Doors - Repaint	$61,067	
	402	Asphalt - Surface Application	$16,411	$134,742
2025	1701	Irrigation System - Partial Rebuild	$10,903	
	1801	Groundcover - Replenish	$9,200	$20,103
2026	403	Concrete - Repair/Replace	$35,089	
	601	Concrete Flatwork - Partial Replace	$5,396	$40,484
2027		No Expenditures Projected		$0
2028		No Expenditures Projected		$0
2029	401	Asphalt - Major Overlay (5270)	$26,744	
	402	Asphalt - Surface Application	$19,491	
	1011	Retaining Wall - Replace	$44,573	$90,807
2030	202	Trim Work/Doors - Repaint	$75,067	
	1701	Irrigation System - Partial Rebuild	$12,950	$88,017
2031	403	Concrete - Repair/Replace	$41,674	
	601	Concrete Flatwork - Partial Replace	$6,408	
	1801	Groundcover - Replenish	$11,309	$59,391
2032		No Expenditures Projected		$0
2033		No Expenditures Projected		$0
2034	402	Asphalt - Surface Application	$23,149	
	1001	Wood Fencing - Replace	$15,580	$38,729
2035	105	Comp Shingle Roof - Replace	$589,054	
	1701	Irrigation System - Partial Rebuild	$15,380	$604,434
2036	202	Trim Work/Doors - Repaint	$92,276	
	403	Concrete - Repair/Replace	$49,496	
	601	Concrete Flatwork - Partial Replace	$7,611	$149,383
2037	1801	Groundcover - Replenish	$13,901	$13,901
2038		No Expenditures Projected		$0
2039	402	Asphalt - Surface Application	$27,494	$27,494
2040	1701	Irrigation System - Partial Rebuild	$18,267	$18,267
2041	401	Asphalt - Major Overlay (5210)	$59,495	
	403	Concrete - Repair/Replace	$58,786	
	601	Concrete Flatwork - Partial Replace	$9,039	
	1904	Storage Shed - Replace	$3,190	$130,510
2042	202	Trim Work/Doors - Repaint	$113,431	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	401	Asphalt - Major Overlay (5250/5260)	$159,599	$273,030
2043	1801	Groundcover - Replenish	$17,088	$17,088
2044	402	Asphalt - Surface Application	$32,654	$32,654
2045	1701	Irrigation System - Partial Rebuild	$21,695	$21,695
2046	403	Concrete - Repair/Replace	$69,819	
	601	Concrete Flatwork - Partial Replace	$10,736	
	803	Mailboxes - Replace	$21,261	
	1001	Wood Fencing - Replace	$23,542	$125,358

Glossary of Commonly used Words and Phrases (provided by the National Reserve Study Standards of the Community Associations Institute)

Asset or Component – Individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association Responsibility, 2) with limited Useful Life expectancies, 3) have predictable Remaining Life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

Cash Flow Method – A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

Component Inventory – The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

Deficit – An actual (or projected) Reserve Balance, which is less than the Fully Funded Balance.

Effective Age – The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

Financial Analysis – The portion of the Reserve Study where current status of the Reserves (Measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of the Reserve Study.

Component Full Funding – When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

Fully Fund Balance (aka – Ideal Balance) – An indicator against which Actual (or projected) Reserve Balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, and then summed together for an association total.

FFB = Replacement Cost X Effective Age / Useful Life

Fund Status – The status of the Reserve Fund as compared to an established benchmark, such as percent funding.

Funding Goals – Independent of methodology utilized, the following represent the basic categories of Funding Plan Goals.

- **Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve Balance above zero.
- **Component Full Funding:** Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100% funded.
- **Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than the "Component Fully Funding" method.

Funding Plan – An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

Funding Principles –

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

Life and Valuation Estimates – The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

Percent Funded – The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual* (or *projected*) Reserve Balance to the accrued *Fund Balance*, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) – Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to *continue* to serve its intended function. Projects anticipated to occur in the initial year have "0" Remaining Useful Life.

Replacement Cost – The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

Reserve Balance – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components in which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. This is based upon information provided and is not audited.

Reserve Provider – An individual that prepares Reserve Studies. Also known as ***Aspen Reserve Specialties.***

Reserve Study – A budget-planning tool that identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

Special Assessment – An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

Surplus – An actual (or projected) Reserve Balance that is greater that the Fully Funded Balance.

Useful Life (UL) – Also known as "Life Expectancy", or "Depreciable Life". The estimated time, in years, that a Reserve component can be expected to serve its intended function if properly constructed and maintained in its present application or installation.