

Holleybrooke Homeowners Association, Inc.
Spotsylvania, Virginia

Dear Board of Directors of Holleybrooke Homeowners Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of Holleybrooke Homeowners Association, Inc. in Spotsylvania, Virginia and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, November 5, 2019.

This *Full Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level I Full Reserve Study."

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Holleybrooke Homeowners Association, Inc. plan for a successful future.

As part of our long-term thinking and everyday commitment to our clients, we are available to answer any questions you may have regarding this study.

Respectfully submitted on November 27, 2019 by

Reserve Advisors, Inc.

Visual Inspection and Report by: Aime V. Mbakop

Review by: Alan M. Ebert, RS, PRA², Director of Quality Assurance



¹ RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.

² PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at <http://www.apra-usa.com>.



1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Holleybrooke Homeowners Association, Inc. (Holleybrooke)

Location: Spotsylvania, Virginia

Reference: 190638

Property Basics: Holleybrooke Homeowners Association, Inc. is a homeowners association which is responsible for the common elements shared by 600 single family homes. The community was built from 1988 to 1990.

Reserve Components Identified: 23 Reserve Components.

Inspection Date: November 5, 2019.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2049 due to replacement of the pool structure.

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

- Current and future local costs of replacement
- 2.2% anticipated annual rate of return on invested reserves
- 2.5% future Inflation Rate for estimating Future Replacement Costs

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

Cash Status of Reserve Fund:

- \$175,217 as of October 31, 2019
- 2019 budgeted Reserve Contributions of \$20,000
- A potential deficit in reserves might occur by 2034 based upon continuation of the most recent annual reserve contribution of \$20,000 and the identified Reserve Expenditures.

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

- Replacement of the Remaining playground equipment
- Replacement of traffic and property identification signs
- Repairs and partial replacements at the pool concrete deck
- Replacement of the pool cover
- Partial replacement of the pool furniture
- Replacement of the roof assemblies

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

- Phased increases of \$7,300 from 2020 through 2023
- Inflationary increases through 2049, the limit of this study's Cash Flow Analysis



- Initial adjustment in Reserve Contributions of \$7,300 represents an average annual increase of \$12.17 per homeowner and about a three percent (3.0%) adjustment in the 2019 total Operating Budget of \$246,200.



Holleybrooke
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2020	27,300	207,335	2030	58,500	368,115	2040	74,900	615,175
2021	34,600	246,877	2031	60,000	436,874	2041	76,800	706,354
2022	41,900	258,071	2032	61,500	466,852	2042	78,700	741,810
2023	49,200	302,944	2033	63,000	527,316	2043	80,700	822,438
2024	50,400	263,202	2034	64,600	509,678	2044	82,700	754,567
2025	51,700	300,158	2035	66,200	577,204	2045	84,800	856,900
2026	53,000	330,520	2036	67,900	583,670	2046	86,900	879,129
2027	54,300	368,977	2037	69,600	666,876	2047	89,100	988,550
2028	55,700	369,772	2038	71,300	581,726	2048	91,300	1,077,775
2029	57,100	394,970	2039	73,100	547,777	2049	93,600	213,754

