

**Vista Pointe Townhome Association  
4007 E. Geddes Circle  
Centennial, CO 80122**



**Level 1 Reserve Analysis**

**Report Period – 01/01/14 – 12/31/14**



**Client Reference Number - 8682  
Property Type – Townhomes  
Number of Units – 47  
Fiscal Year End – December 31**

**Draft  
Version**

**Date of Property Observation - August 22, 2013  
Project Manager - G. Michael Kelsen, RS, PRA  
Main Contact Person - Mr. Tom Westing, Community Manager**

**Report was prepared on - Friday, October 18, 2013**

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## 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 **Component 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 judgment 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 Vista Pointe TH Assoc. -****Association ID # - 08682**

|  |   |
|--|---|
| Projected Starting Balance as of January 1, 2014 - | <b>\$73,656</b>                             |
| Ideal Reserve Balance as of January 1, 2014 -      | <b>\$584,178</b>                            |
| Percent Funded as of January 1, 2014 -             | <b>13%</b>                                  |
| Recommended Reserve Allocation (per month) -       | <b>\$5,150</b>                              |
| Minimum Reserve Allocation (per month) -           | <b>\$4,825</b>                              |
| Recommended Special Assessments (2014 - 2018) -    | <b>\$94,000 (\$2,000 per unit per year)</b> |

Information to complete this Reserve Analysis was gathered during a property observation of the common area elements on August 22, 2013. 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 47 townhome units within 11 different buildings. The property was constructed about 16 years ago in 1998. Many major components are showing typical signs of age and deterioration and will need to be addressed soon. Common area amenities the association is responsible to maintain include the private streets and parking areas, sidewalks and other concrete surfaces, building exterior components, and landscaping. In addition, this community shares a pool area with the neighboring association. There are many major Reserve projects that will need to be addressed over the next several years. Please refer to pages 11 and 12 of the Financial Analysis section for a list of when components are supposed to be addressed.

In comparing the projected balance of \$73,656 versus the ideal Reserve Balance of \$584,178, we find the association Reserve fund to be in a poor and inadequate financial position at this point in time (approximately 13% funded of ideal). As a result of the financial position and the amount of projects programmed over the next several years, we find no alternative but to recommend a multi-year Special Assessment of \$94,000 (\$2,000 per unit) to be collected each year from 2014 through 2018. In addition, we find the current Reserve allocation (\$2,522 per month) to be less than sufficient in increasing the strength of the Reserve fund to prepare for future projects. Therefore, we find it necessary to recommend a moderate increase of the Reserve contribution to \$5,150 per month (representing an increase of \$56.00 per unit) followed by nominal annual increases of 4.00% thereafter to help offset the effects of inflation. By following the recommendation, the plan will maintain the Reserve account in a positive manner, while gradually increasing 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 \$4,825 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where additional 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 (approximately \$7.00 per unit per month in this case) 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:**

The community was hit by a hail storm in 2012, but there was not enough significant damage to warrant an insurance claim. It was reported there was about \$10,000 in needed repairs, but this did not extend the current life expectancy. According to a local contractor, the roofs have about 4 - 5 years left before replacement is necessary. It was also reported that the roof wasn't properly flashed in the first place. While a roof is rated as a "30-year" shingle, replacement typically needs to occur within 15 - 20 years due to weather elements such as hail, wind, and temperature fluctuations. Reserve funding includes complete tearoff and replacement.

**Location:** Unit building roofs

**Quantity:** Approx 1235 squares

**Life Expectancy:** 20 **Remaining Life:** 4

**Best Cost:** \$395,200

\$320/square; Estimate to remove and replace

**Worst Cost:** \$426,100

\$345/square; Higher estimate for more labor costs

**Source of Information:** Estimates received by vendor

**General Notes:**

Pool equipment building - 2 squares x .47 = 1 square

**Unit Buildings -**

(2) 3 Units (4012-4016, 4013-4009) - 85 squares each x 2 = 170 squares

(5) 4 Units (4024-4018, 4007-4001, 4015-4021, 4032-4038, 4040-4046) - 104 squares each x 5 = 520 squares

(3) 5 Units (4023-4031, 4033-4041, 4043-4051) - 131 squares each x 3 = 393 squares

(1) 6 Units (4000 - 4010) - 150 squares

Comp #: 120 Gutters/Downspouts - Replace



**Observations:**

It was reported that new rain gutters were recently installed along the top tier that faces the driveways. This area is not significant enough to separate from the rest of the gutters and downspouts. The rest of the materials are original and nearing the end of their typical life expectancy. The life expectancy for gutters and downspouts ranges between 20 - 25 years, depending on maintenance. Keep gutters and downspouts free from debris which can cause corrosion of metal materials or blockage which can cause the downspouts to freeze and expand during winter months. Expect to replace at same time as roof replacement.

**Location:** Perimeter of roofs

**Quantity:** Approx. 6940 LF

**Life Expectancy:** 20 **Remaining Life:** 4

**Best Cost:** \$36,450

\$5.25/LF; Estimate to replace

**Worst Cost:** \$41,650

\$6.00/LF: Higher estimate for larger lines

**Source of Information:** Cost Database

**General Notes:**

Pool equipment building - 72 LF x .47 = 34 LF

**Unit Buildings -**

(2) 3 Units (4012-4016, 4013-4009) - 255 LF each x 2 = 310 LF

(5) 4 Units (4024-4018, 4007-4001, 4015-4021, 4032-4038, 4040-4046) - 610 LF each x 5 = 3050 LF

(3) 5 Units (4023-4031, 4033-4041, 4043-4051) - 855 LF each x 3 = 2565 LF

(1) 6 Units (4000 - 4010) - 975 LF



Comp #:    204    Building Ext Surfaces - Repaint



*Observations:*

Association has been performing touch ups throughout every year and completely repainted the patio walls and the garage trim in 2012. It was reported another \$5,000 was going to be spent in 2013 on various touch ups. The last time the entire community was repainted was about 8 - 9 years ago. With the reported need for major touch ups for the past several years, it follows our recommendation that building exterior surfaces typically need to be repainted every 4 - 6 years in this climate. Therefore, we have established a repainting cycle of every 6 years based on past experience for this community.

*Location:*                **Siding, trim, fascia, patio walls**

*Quantity:*              **(47) units**

*Life Expectancy:*    **6**    *Remaining Life:*    **0**

*Best Cost:*              **\$47,000**

\$1000/unit; Estimate to repaint

*Worst Cost:*            **\$58,750**

\$1250/unit; Higher estimate for more prep work

*Source of Information:*    Cost Database

*General Notes:*

Comp #: 301 Hardboard Siding - Major Repairs



**Observations:**

Siding materials are in good condition, considering the age of the community. As the property ages, siding tends to warp and deteriorate to a point where repairs are required. We suggest establishing Reserve funds for major repairs every other painting cycle. The remaining life is based on the observed conditions at the time of our site evaluation.

**Location:** Siding/trim materials on buildings

**Quantity:** Approx. 65650 GSF

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

**Best Cost:** \$30,550

Allowance for major repairs

**Worst Cost:** \$37,600

Higher allowance for more repairs

**Source of Information:** Cost Database

**General Notes:**

Pool equipment building - 220 GSF x .47 = 105 GSF

**Unit Buildings -**

(2) 3 Units (4012-4016, 4013-4009) - 4800 GSF each x 2 = 9600 GSF

(5) 4 Units (4024-4018, 4007-4001, 4015-4021, 4032-4038, 4040-4046) - 5370 GSF each x 5 = 26850 GSF

(3) 5 Units (4023-4031, 4033-4041, 4043-4051) - 7100 GSF each x 3 = 21300 GSF

(1) 6 Units (4000 - 4010) - 7800 GSF

Comp #: 306 Brick - Replace



**Observations:**

Bricks appeared to be attached to the sides of the building well with no loose or missing material noted. 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 accents on unit buildings

**Quantity:** Approx. 14,100 GSF

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

**Best Cost:** \$0

**Worst Cost:** \$0

**Source of Information:**

**General Notes:**

Unit Buildings -  
 (2) 3 Units (4012-4016, 4013-4009) - 725 GSF each x 2 = 1450 GSF  
 (5) 4 Units (4024-4018, 4007-4001, 4015-4021, 4032-4038, 4040-4046) - 1080 GSF each x 5 = 5400 GSF  
 (3) 5 Units (4023-4031, 4033-4041, 4043-4051) -1800 GSF each x 3 = 5400 GSF  
 (1) 6 Units (4000 - 4010) - 1860 GSF

Comp #: 401 Asphalt - Overlay



**Observations:**

In general, the overall integrity of the asphalt is in fair condition with some signs of major cracks, but no substantial settling or potholes developing as of the day of our site visit. The average life expectancy for asphalt surfaces ranges between 20 - 27 years for surfaces that are maintained on a regular schedule. Maintenance includes crack fill and repairing small potholes annually as an operating expense. In addition, asphalt should be seal coated every 2 - 4 years, depending on the level of traffic and snow removing techniques.

**Location:** Community streets

**Quantity:** Approx. 38350 GSF

**Life Expectancy:** 24 **Remaining Life:** 9

**Best Cost:** \$53,700

\$1.40/GSF; Est. to rotomill and 2" overlay

**Worst Cost:** \$63,300

\$1.65/GSF; Higher estimate for more repairs

**Source of Information:** Cost Database

**General Notes:**



Comp #: 402 Asphalt - Seal Coat/crack fill



**Observations:**

It was reported the streets were last seal coated in 2011. At the time of our field evaluation, we noted some dry areas, and minimal cracking. These are typical conditions for surfaces that were last sealed about 2 - 3 years ago. This type of material is subject to heavy wear in this environment due to snow removal techniques. Snow plows gradually remove small layers of asphalt every time plows are used. Sand and gravel acts as sand paper to the surface as cars drive over the surface. No matter what kind of removal is used, the asphalt layers diminish each year. In this environment, it is recommended that a seal coat is applied every 2 - 3 years, depending on the amount of traffic and the effects of the elements over the years.

**Location:** Community streets

**Quantity:** Approx. 38350 GSF

**Life Expectancy:** 4 **Remaining Life:** 1

**Best Cost:** \$4,600

\$.12/GSF; Estimate for seal coat only

**Worst Cost:** \$5,750

\$.15/GSF; Higher est. includes repairs/crack fill

**Source of Information:** Cost Database

**General Notes:**

Comp #: 403 Concrete - Repair/Replace



**Observations:**

4015/4021 needs to be replaced as there are extensive signs of separation at expansion joints. Approximately 450 GSF of building 4024/4018 was recently replaced. Reported \$2,000 is budgeted each year for concrete repairs. However, based on the total square footage of concrete (combined with sidewalks), we do not believe this is adequate for long term repairs for concrete. Therefore, we have included an allowance for periodic major repairs above and beyond what the association is already budgeting for in the operating account.

**Location:** Unit driveways

**Quantity:** Approx. 23,350 GSF

**Life Expectancy:** 4 **Remaining Life:** 1

**Best Cost:** \$9,400

Estimate to replace 5% of area every 4 years

**Worst Cost:** \$10,600

Higher estimate for more repairs

**Source of Information:** Cost database

**General Notes:**

**Building Driveways:**  
 4007/4001 - 310 GSF  
 4009/4013 - 475 GSF  
 4015/4021 - 3510 GSF  
 4023/4031 - 400 GSF  
 4033/4041 - 560 GSF  
 4043/4051 - 640 GSF  
 4024/4018 - 1600 GSF  
 4012/4016 - 800 GSF  
 4010/4000 - 1760 GSF  
 4040/4046 - 1120 GSF  
 4038/4032 - 400 GSF

**Curb and Gutters -**  
 4015/4021 - 165 LF  
 along streets - 11115 GSF

**Drain pan (north side of property by convenience store) - 480 GSF**

Comp #: 501 Doors - Replace



*Observations:*

No unusual conditions noted or reported with doors at time of field evaluation. These doors, along with all pool area components, are shared with the neighboring association. Therefore, it makes the replacement cost for this association too small for separate Reserve designation. Replace individually as needed with general maintenance funds.

*Location:* Pool equipment room

*Quantity:* (4) 3 x 7 doors

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

*Best Cost:* \$0

*Worst Cost:* \$0

*Source of Information:*

*General Notes:*

.47 % responsibility

Comp #: 502 Garage Doors - Replace



*Observations:*

No major problems observed with the garage doors at the time of inspection. Under section 4.4 of the declarations, the vertical perimeter boundaries of the are determined to be the exterior surface of doors. Therefore, at this time, Reserve funding is not required for this component. Some associations decide to take on the responsibility as an HOA expense in order to maintain a consistent appearance and to obtain the best replacement cost possible.

*Location:* At each garage

*Quantity:* (47) 7x16 doors

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

*Best Cost:* \$0

*Worst Cost:* \$0

*Source of Information:*

*General Notes:*



Comp #: 601 Concrete Sidewalks/Decks - Repair



**Observations:**

Reported \$2,000 is budgeted each year for concrete repairs. However, based on the total square footage of concrete (combined with sidewalks), we do not believe this is adequate for long term repairs for concrete. Therefore, we have included an allowance for periodic major repairs above and beyond what the association is already budgeting for in the operating account.

**Location:** Common areas

**Quantity:** Approx. 16650 GSF

**Life Expectancy:** 4 **Remaining Life:** 1

**Best Cost:** \$6,800

Allowance to repair 5% of area every 4 years

**Worst Cost:** \$7,650

Higher allowance for more repairs

**Source of Information:** Cost Database

**General Notes:**

Pool deck - 1760 GSF x .47 = 830 GSF  
common areas - 5810 GSF

4007/4001 - 440 GSF

4009/4013 - 240 GSF

4015/4021 - 680 GSF

4023/4031 - 640 GSF

4033/4041 - 135 GSF

4043/4051 - 75 GSF

4024/4018 - 300 GSF

4012/4016 - 540 GSF

4010/4000 - 1600 GSF

4040/4046 - 340 GSF

4038/4032 - 580 GSF

**Unit Buildings -**

(2) 3 Units - 545 GSF each = 1090 GSF

(5) 4 Units - 640 GSF each = 3200 GSF

(3) 5 Units - 0 GSF each (wood decks, no concrete)

(1) 6 Units - 130 GSF

Comp #: 607 Unit Decks - Major Repairs/Replace



**Observations:**

We noted several fascia boards that were rotted (unit 4043 & 4047). The deck for unit 4045 was recently stained and is in good condition. In general, conditions vary, which could mean that the owners have been taking their own initiative to maintain their own deck, or the association has been maintaining the decks in the worse condition. It was reported that these original decks are the responsibility of the association. Based on the observed condition, we suggest performing repairs prior to this next painting cycle.

**Location:** Front decks (original)

**Quantity:** See general notes

**Life Expectancy:** 6 **Remaining Life:** 0

**Best Cost:** \$10,000

Allowance for major repairs every painting cycle

**Worst Cost:** \$12,500

Higher allowance for more labor/upgraded materials

**Source of Information:** Cost Database

**General Notes:**

4033 - 245 GSF (wood), 65 LF rail, 5 steps  
 4035 - 115 GSF (composite), 40 LF rail, 11 steps  
 4037 - 115 GSF (wood), 50 LF rail, 11 steps  
 4039 - 205 GSF (wood), 50 LF rail, 11 steps  
 4041 - 245 GSF (wood), 65 LF rail, 3 steps  
 4043 - 245 GSF (wood), 70 LF rail, 7 steps  
 4045 - 115 GSF (wood), 40 LF rail, 8 steps  
 4047 - 115 GSF (wood), 55 LF rail, 9 steps  
 4049 - 24 GSF (wood), 20 LF rail, 8 steps  
 4051 - 135 GSF (wood), 115 GSF (concrete), 65 rail, 7 wood steps

Comp #:    703    Hot Water Heater Tank - Replace



**Observations:**

Heater is older, but appeared to be in good condition with no visible signs of rust or corrosion noted at the seams or connections. The replacement cost of this heater would be too small for separate Reserve designation. We suggest replacing this heater on an as needed basis with general operating dues.

**Location:**            Pool equipment room

**Quantity:**            (1) AO Smith, 6 gallon

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

**Best Cost:**            \$0

**Worst Cost:**           \$0

**Source of Information:**

**General Notes:**

Serial #GG98-4325053-S19

Comp #:    801    Monument - Rebuild



*Observations:*

The Vista Pointe signs are inset into the brick wall that is included as part of another component. The replacement cost of the signs and lights is too small for separate Reserve designation. We recommend maintaining these and replacing the lights on an as needed basis with general operating funds.

*Location:*                    **Entrance to property**

*Quantity:*                    **(2) Signs, (2) Uplights**

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

*Best Cost:*                    **\$0**

*Worst Cost:*                    **\$0**

*Source of Information:*

*General Notes:*



Comp #:    803    Mailboxes - Replace



**Observations:**

No unusual conditions noted or reported at time of preparing this study. While the boxes may appear to be in good condition from an exterior appearance, often the seals deteriorate causing water to intrude into the boxes. According to several manufacturers, the typical life expectancy for this type of mailbox is 15 - 20 years in this environment. Remaining life is based on average age of all units. While it is possible the US Post Office will maintain and replace these boxes in the future, in our experience, we have seen in numerous similar circumstances that the post office makes the association responsible for replacement. This line item is included as a conservative measure in case the post office decides the association is responsible for replacement.

**Location:**                    **Entrance to community**

**Quantity:**                    **(3) 16 box CBU's, (1) Parcel**

**Life Expectancy:**    **20    Remaining Life:    3**

**Best Cost:**                    **\$6,000**

Estimate to replace

**Worst Cost:**                    **\$7,500**

Higher estimate for better quality

**Source of Information:**    Cost Database

**General Notes:**

- (1) Bulletin board - \$400**
- (3) 16 box CBU's - \$1800 each**
- (1) 2 box parcel locker - \$900**
- Boxes were manufactured in 7/97.**

Comp #: 1001 Wood Fencing - Replace



**Observations:**

This fence is showing typical signs of aging and minor deterioration with a few split and cracked slats noted. It does not appear this fence has been stained in the past. The replacement cycle is based on the observed quality of fence installed and the current condition. The fence is currently not stained, so the replacement cycle is shortened to reflect the expected effects the elements will have on exposed materials.

**Location:** North perimeter of community

**Quantity:** Approx. 460 LF

**Life Expectancy:** 17 **Remaining Life:** 6

**Best Cost:** \$11,500

\$25/LF; Estimate to replace

**Worst Cost:** \$13,800

\$30/LF; Higher estimate for better quality

**Source of Information:** Cost Database

**General Notes:**

Comp #: 1002 Ironwork Fencing - Replace



**Observations:**

One of the pickets on the pool fence was bent, probably due to someone trying to jump the fence at some time. This is not effecting the structural integrity of the fence. The emergency gate and handrails were in good condition with no significant signs of deterioration.

**Location:** Pool perimeter, handrails, gate

**Quantity:** Approx. 120 LF

**Life Expectancy:** 30 **Remaining Life:** 14

**Best Cost:** \$5,500

Average estimate to replace

**Worst Cost:** \$6,500

Higher estimate

**Source of Information:** Cost Database

**General Notes:**

4010/4000 - 50 LF (needs paint bad)  
emergency access gate - 30 LF (6' tall)  
Pool perimeter - 80 LF x .47 = 38 LF

Comp #: 1005 Brick Wall - Replace (Old)



**Observations:**

This section of the perimeter wall was not replaced and is in poor condition with noted instability and loose grout as well. There were a few sections where the metal support plate was showing through the grout. Based on the observed conditions and the fact that the other section of the wall had to be replaced, which was made from the same materials, we recommend the association plan on replacing this wall in the near future. Assume similar quality will be installed that will provide the association with a 75 year warranty. Therefore, future Reserve funding is not required and this is the reason for setting a 99 year life expectancy.

**Location:** Pool/gas station/south perimeter

**General Notes:**

**Quantity:** Approx. 320 GSF

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

**Best Cost:** \$32,000

\$100/LF; Estimate to replace

**Worst Cost:** \$41,600

\$130/LF; Higher estimate

**Source of Information:** Cost Database



Comp #: 1005 Brick Wall - Replace (New)



**Observations:**

This section of the perimeter wall was completely replaced and was reported to be guaranteed for 75 years. As a result, Reserve funding is not currently required for this component. If conditions change in the future, Reserve funding can be added in future report updates.

**Location:** Along Colorado Blvd

**Quantity:** Approx. 380 LF

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

**Best Cost:** \$0

**Worst Cost:** \$0

**Source of Information:**

**General Notes:**

replaced for \$44,000

Comp #:    1009    Split Rail Fencing - Replace



**Observations:**

Fencing is in fair condition and has the weathered and authentic appearance this fence is supposed to have. No signs of broken or splintered rails or posts were observed at the time of inspection. Due to the small area, we suggest replacing broken rails and posts on an as needed basis with general operating funds. Therefore, at this time, separate Reserve funding is not required for this component.

**Location:**                **See general notes**

**Quantity:**                **Approx. 90 LF**

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

**Best Cost:**                **\$0**

**Worst Cost:**             **\$0**

**Source of Information:**

**General Notes:**

4015/4021 - 30 LF  
4031 - 30 LF  
4021 - 30 LF

Comp #: 1011 Retaining Wall - Replace



**Observations:**

A few loose caps were noted, but there was no evidence of any leaning or structural concerns noted. While these walls are designed to have an indefinite life expectancy, there are times where shifting and settling grounds cause a wall to shift as well. Due to the amount of walls on the property, we have included an allowance for periodic repairs and partial replacement. If the history of repairs do not meet our expectations, then the useful life can be adjusted in future Reserve Study updates.

**Location:** Common areas

**Quantity:** Approx. 4100 GSF

**Life Expectancy:** 8 **Remaining Life:** 5

**Best Cost:** \$6,000

Allowance for periodic repairs

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

Higher allowance for more repairs

**Source of Information:** Cost Database

**General Notes:**

common areas - 1765 GSF  
 4001/4013 - 175 GSF  
 4015/4021 - 490 GSF  
 4009/4013 - 100 GSF  
 4015/4021 - 40 GSF  
 4023/4031 - 210 GSF  
 4012/4016 - 260 GSF  
 4010/4000 - 150 GSF  
 4040/4046 - 75 GSF  
 4038/4032 - 155 GSF  
 along old brick wall - 660 GSF

Comp #: 1104 Pool Heater - Replace



**Observations:**

Current conditions exhibit significant rusting on plate under burners. There was also a strong gas scent at time of field evaluation. The average life expectancy for pool heaters range between 10 - 15 years. Based on the age of the heater, it has reached the end of the normal life expectancy. Therefore, we recommend the association plan for replacement at any time in the near future. Cost reflects the percentage responsibility of 47% of the all replacement costs associated with the pool area.

**Location:** Pool equipment room

**Quantity:** (1) Laars Lite

**Life Expectancy:** 15 **Remaining Life:** 0

**Best Cost:** \$1,650

47% of replacement cost (\$3500)

**Worst Cost:** \$1,900

Higher estimate for more efficient heater

**Source of Information:** Cost database

**General Notes:**

model #LLG250NXH  
serial #A98PA2413  
250000 BTU/hr input



Comp #: 1107 Pool Filter - Replace



*Observations:*

Filter was replaced in 2011 and there are no current unusual conditions visible. The average life expectancy of pool filters ranges from 12 - 15 years, depending on quality of tank and level of maintenance. Cost reflects the percentage responsibility of 47% of the all replacement costs associated with the pool area.

*Location:* Pool equipment room

*Quantity:* (1) Pentair filter

*Life Expectancy:* 15 *Remaining Life:* 12

*Best Cost:* \$520  
47% of replacement cost (\$1100)

*Worst Cost:* \$635  
Higher estimate for larger filter (\$1350)

*Source of Information:* Cost database

*General Notes:*

Pentair Tagelus  
serial #0105129110019V  
TA-60D  
5/9/2011

Comp #: 1110 Misc. Pool Equipment - Replace



*Observations:*

No unusual conditions noted or reported at time of field evaluation. Pumps and motors can be rebuilt as opposed to being completely replaced to extend the life expectancy of the unit. The replacement cost of the tab feeder chlorinator unit is too small (less than \$300) for Reserve designation. Replace these items as needed with general operating funds.

*Location:* Pool equipment room

*Quantity:* (1) Pump, (1) Chlorinator

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

*Best Cost:* \$0

*Worst Cost:* \$0

*Source of Information:*

*General Notes:*

Pump -  
(1) AO Smith - 1 HP  
Tab feeder chlorinator

Comp #: 1112 Pool Cover - Replace



Picture Unavailable

**Observations:**

Cover was rolled up and in a bag at time of field evaluation, so we were unable to inspect the condition of the fabric. No reported recent replacement of the cover. So, we are assuming this is still an older cover and is nearing the end of its life expectancy. Proper care and maintenance includes keeping the cover clean, free from debris, stored dry with mothballs to prevent damage from rodents, and removal of springs to eliminate tears to fabric. In this climate, the average replacement cycle for this type of cover ranges from 8 - 12 years.

**Location:** Attached to pool during inspection

**Quantity:** (1) 17 x 35 cover

**Life Expectancy:** 10 **Remaining Life:** 0

**Best Cost:** \$850

\$3.00/GSF; Estimate to replace (47%)

**Worst Cost:** \$1,000

Higher estimate for better quality fabric

**Source of Information:** Cost database

**General Notes:**

Comp #:    1115    Acrylic Pool - Resurface



*Observations:*

The depth of the pool ranges from 3 - 5 feet deep. Reported that a permit was not pulled at time of installation. At time of installation, the hole was dug, sand was placed inside the hole, then the pool was inserted. According to a local contractor, this is typical protocol for installation of an acrylic pool. According to the manufacturer, as long as installation complied with specifications, then the pool shell has a lifetime warranty against defects and blemishes. However, in our experience, we have also seen the need to recoat the surface. This involves sanding the surface and applying a new gel coat onto the pool shell. Due to the minor cracking noted on the surface, we recommend this gets addressed in the near future.

*Location:*                      **Pool area**

*Quantity:*                      **(1) 15 x 30 pool**

*Life Expectancy:*    **15**    *Remaining Life:*    **0**

*Best Cost:*                      **\$3,760**

47% of cost (\$8000)

*Worst Cost:*                      **\$4,700**

Higher estimate for more labor

*Source of Information:*    Cost database from another job

*General Notes:*



Comp #: 1413 Restroom - Remodel



**Observations:**

Most associations perform a general remodel of the restroom/locker room interiors every 15 - 20 years to maintain appearance and keep up with current decorative trends. Based on the age of the community and the observed conditions, we suggest planning a remodel of the interiors within the next 5 - 8 years. The final decision is up to the community members in deciding when to spend the money to perform this project since it is considered cosmetic.

**Location:** Pool building

**Quantity:** (1) Restroom

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

**Best Cost:** \$1,500

Estimate for a basic remodel (47% of cost)

**Worst Cost:** \$1,750

Higher estimate (47% of cost)

**Source of Information:** Cost database

**General Notes:**

Restroom contains:  
56 GSF of floor tile  
120 GSF of wall tile  
176 GSF of paint  
(1) toilet  
(1) sink

Comp #: 1602 Exterior Wall Mount - Replace



**Observations:**

Lights are older No unusual conditions were observed or reported at time of observation. While replacement can occur on an as needed basis, it is our opinion and recommendation to replace all lights at the same time every 15 - 20 years to maintain a consistent appearance throughout the property. In addition, by replacing multiple fixtures, the association will be able to obtain a quantity discount for the fixtures. Estimated replacement cost includes labor for installation. Remaining life based on observed conditions and age.

**Location:** Attached to walls of buildings

**Quantity:** Approx. 125 lights

**Life Expectancy:** 20 **Remaining Life:** 4

**Best Cost:** \$15,625

\$125/light; Estimate to replace

**Worst Cost:** \$18,750

\$150/light; Higher estimate for better quality

**Source of Information:** Cost Database

**General Notes:**

Unit Buildings -  
 (2) 3 Units (4012-4016, 4013-4009) - 7 lights each x 2 = 14 lights  
 (5) 4 Units (4024-4018, 4007-4001, 4015-4021, 4032-4038, 4040-4046) - 10 lights each x 5 = 50 lights  
 (3) 5 Units (4023-4031, 4033-4041, 4043-4051) - 14 lights each x 3 = 42 lights  
 (1) 6 Units (4000 - 4010) - 16 lights

Comp #: 1701 Irrigation System - Rebuild



**Observations:**

Irrigation system appears to be functional and in good condition with no visible problems noted during field evaluation. The materials used during construction should have a long life expectancy with proper maintenance. This system is over 10 years old, and in our experience, systems that reach 20 years old start to see the need for major renovations and repairs. Therefore, we suggest the association establish a Reserve allowance for major repairs every 10 years. The remaining life is based on the age of the system and when it will reach the age that major repairs will be required.

**Location:** Landscaped areas

**Quantity:** Moderate sized system

**Life Expectancy:** 10 **Remaining Life:** 4

**Best Cost:** \$12,000

Allowance for major repairs, rebuilding

**Worst Cost:** \$15,000

Higher allowance for more repairs

**Source of Information:** Cost Database

**General Notes:**

Comp #: 1703 Irrigation Timeclocks - Replace



**Observations:**

Under normal conditions (not including Acts of God, vandalism, etc.) these clocks should last 10 - 12 years with proper maintenance. Due to advances in technology and water efficiency, we suggest reserving to replace all clocks at the same time. A lot of communities are upgrading to ET type controllers and the costs reflect this. Remaining useful life based on average age of all clocks.

**Location:** Common areas

**Quantity:** (8) Raindial clocks

**Life Expectancy:** 12 **Remaining Life:** 7

**Best Cost:** \$7,200  
\$900/clock; Estimate to replace

**Worst Cost:** \$9,600  
\$1200/Clock; Higher estimate

**Source of Information:** Cost Database

**General Notes:**

4016 - (1) Raindial, 12 stations  
All model #RD600EXT -  
4015 - (1) Raindial, 6 stations, 04/06/2009, 241051  
4023 - (1) Raindial, 6 stations, 03NO95, 117061  
4033 - (1) Raindial, 6 stations, 06/23/2009, 120779  
4016 - (1) Raindial, 6 stations, 06/09/10

Behind north side monument - (1) Irritrol, Dial 24



Comp #:    1706   Backflow Devices - Replace



*Observations:*

No problems noted at the time of inspection. Due to the minimal replacement cost (\$500 - \$800 each) and unpredictable useful life associated with this component, reserve funding is not appropriate. Make repairs and replacements as necessary as an operating expense.

*Location:*                **Attached to buildings, 4007/4001**

*Quantity:*                **Numerous backflow devices**

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

*Best Cost:*                **\$0**

*Worst Cost:*             **\$0**

*Source of Information:*

*General Notes:*

**4007/4001 - (1) backflow (no enclosure)**

Comp #:    1801    Groundcover - Replenish



**Observations:**

Typically, associations will establish a line item in the operating budget to handle annual replacement of shrubs, plants, grass areas, etc. Therefore, separate Reserve funding is not necessary as long as funding has been established in a separate budget. If the association prefers to include a funding allowance for groundcover replenishment, then we would need to know how much and how often the current board of directors would prefer to set aside since this would be considered a discretionary expense.

**Location:**                      **Landscaped areas**

**Quantity:**                    **Extensive square feet**

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

**Best Cost:**                    **\$0**

**Worst Cost:**                **\$0**

**Source of Information:**

**General Notes:**

## *Funding Summary For Vista Pointe Townhome Association*

### **Beginning Assumptions**

|   |                      |
|---|----------------------|
| Financial Information Source                        | Research With Client |
| # of units  | 47                   |
| Fiscal Year End                                     | December 31, 2014    |
| Monthly Dues from 2013 budget                       | \$10,960.00          |
| Monthly Reserve Allocation from 2013 Budget         | \$2,522.00           |
| Projected Starting Reserve Balance (as of 1/1/2014) | \$73,656             |
| Ideal Starting Reserve Balance (as of 1/1/2014)     | \$584,178            |

### **Economic Factors**

|  |       |
|--|-------|
| Past 20 year Average Inflation Rate (Based on CCI) | 4.00% |
| Current Average Interest Rate                      | 1.00% |

### **Current Reserve Status**

|   |     |
|---|-----|
| Current Balance as a % of Ideal Balance | 13% |
|---|-----|

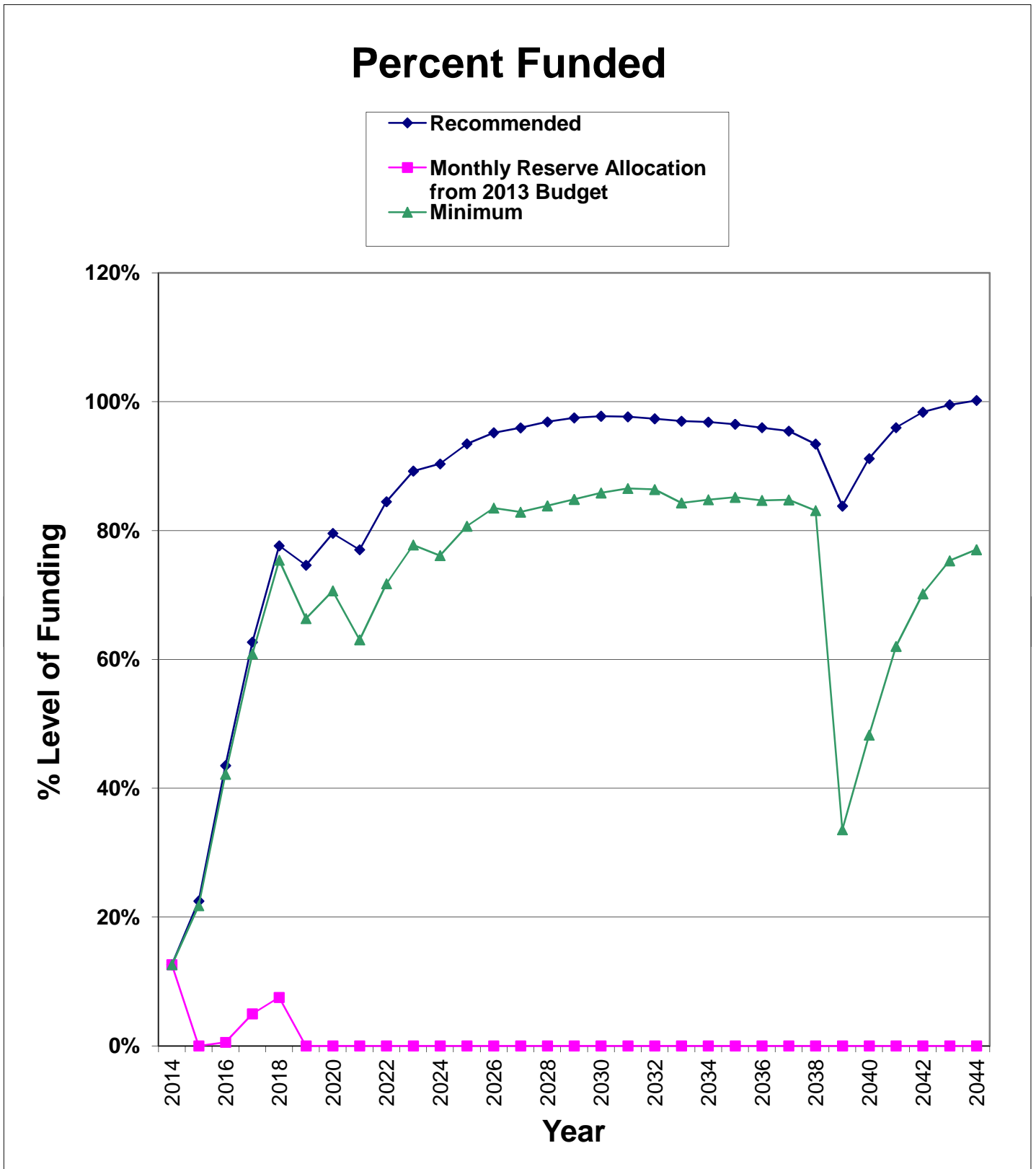
### **Recommendations for 2014 Fiscal Year**

|  |          |
|--|----------|
| Monthly Reserve Allocation                       | \$5,150  |
| Per Unit   | \$109.57 |
| Minimum Monthly Reserve Allocation               | \$4,825  |
| Per Unit   | \$102.66 |
| Primary Annual Increases                         | 4.00%    |
| # of Years                                       | 30       |
| Special Assessment (each year 2014 through 2018) | \$94,000 |
| Per Unit   | \$2,000  |

### **Changes From Prior Year (2013 to 2014)**

|   |         |
|---|---------|
| Increase/Decrease to Reserve Allocation | \$2,628 |
| as Percentage                           | 104%    |
| Per Unit                                | \$55.91 |

Percent Funded Graph For Vista Pointe Townhome Association





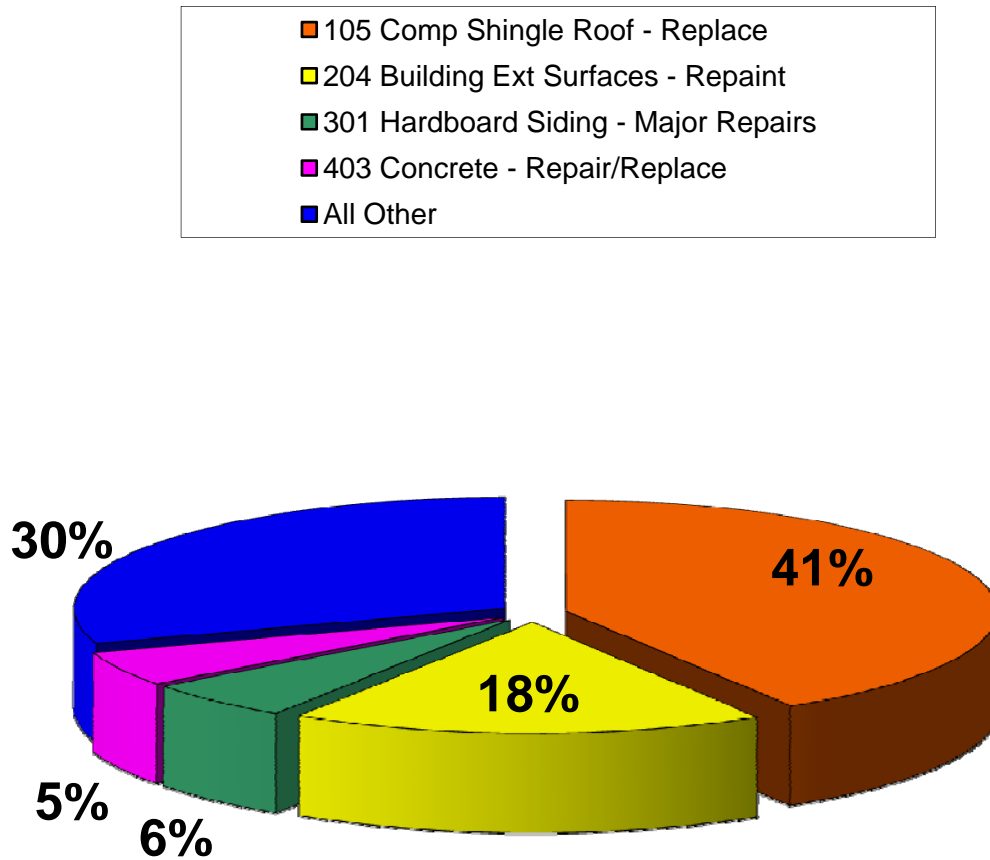
## Component Inventory for Vista Pointe Townhome Association

| Category             | Asset # | Asset Name                         | UL  | RUL | Best Cost | Worst Cost |
|----------------------|---------|------------------------------------|-----|-----|-----------|------------|
| Roofing              | 105     | Comp Shingle Roof - Replace        | 20  | 4   | \$395,200 | \$426,100  |
|                      | 120     | Gutters/Downspouts - Replace       | 20  | 4   | \$36,450  | \$41,650   |
| Painted Surfaces     | 204     | Building Ext Surfaces - Repaint    | 6   | 0   | \$47,000  | \$58,750   |
| Siding Materials     | 301     | Hardboard Siding - Major Repairs   | 12  | 6   | \$30,550  | \$37,600   |
|                      | 306     | Brick - Replace                    | N/A |     | \$0       | \$0        |
| Drive Materials      | 401     | Asphalt - Overlay                  | 24  | 9   | \$53,700  | \$63,300   |
|                      | 402     | Asphalt - Seal Coat/crack fill     | 4   | 1   | \$4,600   | \$5,750    |
|                      | 403     | Concrete - Repair/Replace          | 4   | 1   | \$9,400   | \$10,600   |
| Property Access      | 501     | Doors - Replace                    | N/A |     | \$0       | \$0        |
|                      | 502     | Garage Doors - Replace             | N/A |     | \$0       | \$0        |
| Decking              | 601     | Concrete Sidewalks/Decks - Repair  | 4   | 1   | \$6,800   | \$7,650    |
|                      | 607     | Unit Decks - Major Repairs/Replace | 6   | 0   | \$10,000  | \$12,500   |
| Mechanical Equip.    | 703     | Hot Water Heater Tank - Replace    | N/A |     | \$0       | \$0        |
| Prop. Identification | 801     | Monument - Rebuild                 | N/A |     | \$0       | \$0        |
|                      | 803     | Mailboxes - Replace                | 20  | 3   | \$6,000   | \$7,500    |
| Fencing/Walls        | 1001    | Wood Fencing - Replace             | 17  | 6   | \$11,500  | \$13,800   |
|                      | 1002    | Ironwork Fencing - Replace         | 30  | 14  | \$5,500   | \$6,500    |
|                      | 1005    | Brick Wall - Replace (Old)         | 99  | 0   | \$32,000  | \$41,600   |
|                      | 1005    | Brick Wall - Replace (New)         | N/A |     | \$0       | \$0        |
|                      | 1009    | Split Rail Fencing - Replace       | N/A |     | \$0       | \$0        |
|                      | 1011    | Retaining Wall - Replace           | 8   | 5   | \$6,000   | \$7,000    |
| Pool/Spa             | 1104    | Pool Heater - Replace              | 15  | 0   | \$1,650   | \$1,900    |
|                      | 1107    | Pool Filter - Replace              | 15  | 12  | \$520     | \$635      |
|                      | 1110    | Misc. Pool Equipment - Replace     | N/A |     | \$0       | \$0        |
|                      | 1112    | Pool Cover - Replace               | 10  | 0   | \$850     | \$1,000    |
|                      | 1115    | Acrylic Pool - Resurface           | 15  | 0   | \$3,760   | \$4,700    |
| Interiors            | 1413    | Restroom - Remodel                 | 20  | 6   | \$1,500   | \$1,750    |
| Light Fixtures       | 1602    | Exterior Wall Mount - Replace      | 20  | 4   | \$15,625  | \$18,750   |
| Irrig. System        | 1701    | Irrigation System - Rebuild        | 10  | 4   | \$12,000  | \$15,000   |
|                      | 1703    | Irrigation Timeclocks - Replace    | 12  | 7   | \$7,200   | \$9,600    |
|                      | 1706    | Backflow Devices - Replace         | N/A |     | \$0       | \$0        |
| Landscaping          | 1801    | Groundcover - Replenish            | N/A |     | \$0       | \$0        |

## Significant Components For Vista Pointe Townhome Association

| ID   | Asset Name                         | UL | RUL | Ave Curr<br>Cost | Significance:<br>(Curr Cost/UL) |          |
|------|------------------------------------|----|-----|------------------|---------------------------------|----------|
|      |                                    |    |     |                  | As \$                           | As %     |
| 105  | Comp Shingle Roof - Replace        | 20 | 4   | \$410,650        | \$20,533                        | 41.3414% |
| 120  | Gutters/Downspouts - Replace       | 20 | 4   | \$39,050         | \$1,953                         | 3.9313%  |
| 204  | Building Ext Surfaces - Repaint    | 6  | 0   | \$52,875         | \$8,813                         | 17.7436% |
| 301  | Hardboard Siding - Major Repairs   | 12 | 6   | \$34,075         | \$2,840                         | 5.7174%  |
| 401  | Asphalt - Overlay                  | 24 | 9   | \$58,500         | \$2,438                         | 4.9078%  |
| 402  | Asphalt - Seal Coat/crack fill     | 4  | 1   | \$5,175          | \$1,294                         | 2.6049%  |
| 403  | Concrete - Repair/Replace          | 4  | 1   | \$10,000         | \$2,500                         | 5.0337%  |
| 601  | Concrete Sidewalks/Decks - Repair  | 4  | 1   | \$7,225          | \$1,806                         | 3.6368%  |
| 607  | Unit Decks - Major Repairs/Replace | 6  | 0   | \$11,250         | \$1,875                         | 3.7752%  |
| 803  | Mailboxes - Replace                | 20 | 3   | \$6,750          | \$338                           | 0.6795%  |
| 1001 | Wood Fencing - Replace             | 17 | 6   | \$12,650         | \$744                           | 1.4983%  |
| 1002 | Ironwork Fencing - Replace         | 30 | 14  | \$6,000          | \$200                           | 0.4027%  |
| 1005 | Brick Wall - Replace (Old)         | 99 | 0   | \$36,800         | \$0                             | 0.0000%  |
| 1011 | Retaining Wall - Replace           | 8  | 5   | \$6,500          | \$813                           | 1.6359%  |
| 1104 | Pool Heater - Replace              | 15 | 0   | \$1,775          | \$118                           | 0.2383%  |
| 1107 | Pool Filter - Replace              | 15 | 12  | \$578            | \$39                            | 0.0775%  |
| 1112 | Pool Cover - Replace               | 10 | 0   | \$925            | \$93                            | 0.1862%  |
| 1115 | Acrylic Pool - Resurface           | 15 | 0   | \$4,230          | \$282                           | 0.5678%  |
| 1413 | Restroom - Remodel                 | 20 | 6   | \$1,625          | \$81                            | 0.1636%  |
| 1602 | Exterior Wall Mount - Replace      | 20 | 4   | \$17,188         | \$859                           | 1.7303%  |
| 1701 | Irrigation System - Rebuild        | 10 | 4   | \$13,500         | \$1,350                         | 2.7182%  |
| 1703 | Irrigation Timeclocks - Replace    | 12 | 7   | \$8,400          | \$700                           | 1.4094%  |

## Significant Components Graph For Vista Pointe Townhome Association

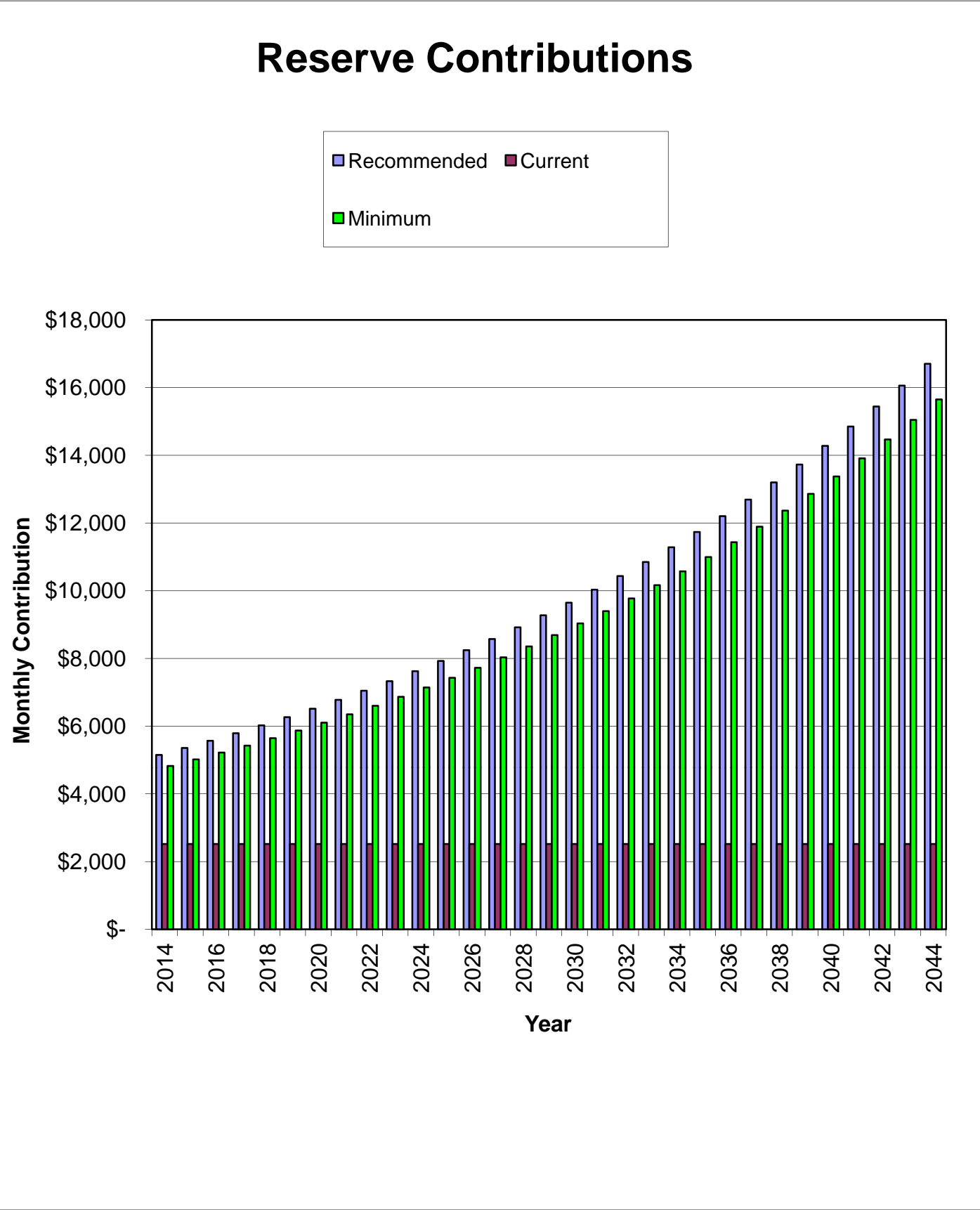


| Asset ID  | Asset Name  | UL | RUL | Average<br>Curr. Cost | Significance:<br>(Curr Cost/UL) |      |
|-----------|---|----|-----|-----------------------|---------------------------------|------|
|           |   |    |     |                       | As \$                           | As % |
| 105       | Comp Shingle Roof - Replace                           | 20 | 4   | \$410,650             | \$20,533                        | 41%  |
| 204       | Building Ext Surfaces - Repaint                       | 6  | 0   | \$52,875              | \$8,813                         | 18%  |
| 301       | Hardboard Siding - Major Repairs                      | 12 | 6   | \$34,075              | \$2,840                         | 6%   |
| 403       | Concrete - Repair/Replace                             | 4  | 1   | \$10,000              | \$2,500                         | 5%   |
| All Other | See Expanded Table on Page 4 For Additional Breakdown |    |     |                       | \$14,981                        | 30%  |

## Yearly Summary For Vista Pointe Townhome Association

| <b>Fiscal<br/>Year Start</b> | <b>Fully Funded<br/>Balance</b> | <b>Starting<br/>Reserve<br/>Balance</b> | <b>Percent<br/>Funded</b> | <b>Annual<br/>Reserve<br/>Contribs</b> | <b>Rec.<br/>Special<br/>Ass'mnt</b> | <b>Interest<br/>Income</b> | <b>Reserve<br/>Expenses</b> |
|------------------------------|---------------------------------|---|---------------------------|--|-------------------------------------|----------------------------|-----------------------------|
| 2014                         | \$584,178                       | \$73,656                                | 13%                       | \$61,800                               | \$94,000                            | \$1,453                    | \$107,855                   |
| 2015                         | \$547,029                       | \$123,054                               | 22%                       | \$64,272                               | \$94,000                            | \$2,386                    | \$23,296                    |
| 2016                         | \$598,400                       | \$260,416                               | 44%                       | \$66,843                               | \$94,000                            | \$3,896                    | \$0                         |
| 2017                         | \$678,203                       | \$425,155                               | 63%                       | \$69,517                               | \$94,000                            | \$5,526                    | \$7,593                     |
| 2018                         | \$755,537                       | \$586,606                               | 78%                       | \$72,297                               | \$94,000                            | \$4,378                    | \$561,985                   |
| 2019                         | \$261,719                       | \$195,295                               | 75%                       | \$75,189                               | \$0                                 | \$2,163                    | \$35,161                    |
| 2020                         | \$298,463                       | \$237,486                               | 80%                       | \$78,197                               | \$0                                 | \$2,064                    | \$142,317                   |
| 2021                         | \$227,749                       | \$175,430                               | 77%                       | \$81,325                               | \$0                                 | \$2,115                    | \$11,054                    |
| 2022                         | \$293,334                       | \$247,816                               | 84%                       | \$84,578                               | \$0                                 | \$2,914                    | \$0                         |
| 2023                         | \$375,757                       | \$335,308                               | 89%                       | \$87,961                               | \$0                                 | \$3,232                    | \$115,146                   |
| 2024                         | \$344,553                       | \$311,354                               | 90%                       | \$91,479                               | \$0                                 | \$3,580                    | \$1,369                     |
| 2025                         | \$433,369                       | \$405,045                               | 93%                       | \$95,138                               | \$0                                 | \$4,547                    | \$0                         |
| 2026                         | \$530,220                       | \$504,730                               | 95%                       | \$98,944                               | \$0                                 | \$5,047                    | \$103,591                   |
| 2027                         | \$526,391                       | \$505,130                               | 96%                       | \$102,902                              | \$0                                 | \$5,350                    | \$48,121                    |
| 2028                         | \$583,406                       | \$565,261                               | 97%                       | \$107,018                              | \$0                                 | \$6,047                    | \$33,768                    |
| 2029                         | \$661,069                       | \$644,557                               | 98%                       | \$111,298                              | \$0                                 | \$6,980                    | \$10,815                    |
| 2030                         | \$769,287                       | \$752,021                               | 98%                       | \$115,750                              | \$0                                 | \$8,136                    | \$0                         |
| 2031                         | \$896,803                       | \$875,907                               | 98%                       | \$120,380                              | \$0                                 | \$9,185                    | \$43,633                    |
| 2032                         | \$987,910                       | \$961,839                               | 97%                       | \$125,195                              | \$0                                 | \$9,292                    | \$198,935                   |
| 2033                         | \$925,172                       | \$897,392                               | 97%                       | \$130,203                              | \$0                                 | \$9,580                    | \$17,698                    |
| 2034                         | \$1,052,597                     | \$1,019,478                             | 97%                       | \$135,411                              | \$0                                 | \$10,912                   | \$2,027                     |
| 2035                         | \$1,205,769                     | \$1,163,774                             | 97%                       | \$140,828                              | \$0                                 | \$12,068                   | \$65,856                    |
| 2036                         | \$1,303,213                     | \$1,250,813                             | 96%                       | \$146,461                              | \$0                                 | \$13,301                   | \$0                         |
| 2037                         | \$1,477,753                     | \$1,410,575                             | 95%                       | \$152,319                              | \$0                                 | \$14,696                   | \$47,815                    |
| 2038                         | \$1,637,311                     | \$1,529,775                             | 93%                       | \$158,412                              | \$0                                 | \$9,153                    | \$1,395,751                 |
| 2039                         | \$359,841                       | \$301,589                               | 84%                       | \$164,749                              | \$0                                 | \$3,557                    | \$59,715                    |
| 2040                         | \$449,828                       | \$410,180                               | 91%                       | \$171,339                              | \$0                                 | \$4,959                    | \$4,505                     |
| 2041                         | \$606,340                       | \$581,972                               | 96%                       | \$178,192                              | \$0                                 | \$6,733                    | \$1,665                     |
| 2042                         | \$777,794                       | \$765,232                               | 98%                       | \$185,320                              | \$0                                 | \$8,618                    | \$0                         |
| 2043                         | \$963,796                       | \$959,171                               | 100%                      | \$192,733                              | \$0                                 | \$10,151                   | \$90,129                    |





## Component Funding Information For Vista Pointe Townhome Association

| ID   | Component Name                     | Ave<br>Current<br>Cost | Future Cost | Ideal<br>Balance | Current<br>Fund<br>Balance | Monthly    |
|------|------------------------------------|------------------------|-------------|------------------|----------------------------|------------|
| 105  | Comp Shingle Roof - Replace        | \$410,650              | \$480,402   | \$328,520        | \$0                        | \$2,129.08 |
| 120  | Gutters/Downspouts - Replace       | \$39,050               | \$45,683    | \$31,240         | \$0                        | \$202.46   |
| 204  | Building Ext Surfaces - Repaint    | \$52,875               | \$66,904    | \$52,875         | \$52,875                   | \$913.80   |
| 301  | Hardboard Siding - Major Repairs   | \$34,075               | \$43,116    | \$17,038         | \$0                        | \$294.45   |
| 401  | Asphalt - Overlay                  | \$58,500               | \$83,264    | \$36,563         | \$0                        | \$252.75   |
| 402  | Asphalt - Seal Coat/crack fill     | \$5,175                | \$5,382     | \$3,881          | \$0                        | \$134.15   |
| 403  | Concrete - Repair/Replace          | \$10,000               | \$10,400    | \$7,500          | \$0                        | \$259.23   |
| 601  | Concrete Sidewalks/Decks - Repair  | \$7,225                | \$7,514     | \$5,419          | \$0                        | \$187.30   |
| 607  | Unit Decks - Major Repairs/Replace | \$11,250               | \$14,235    | \$11,250         | \$11,250                   | \$194.43   |
| 803  | Mailboxes - Replace                | \$6,750                | \$7,593     | \$5,738          | \$0                        | \$35.00    |
| 1001 | Wood Fencing - Replace             | \$12,650               | \$16,006    | \$8,185          | \$0                        | \$77.16    |
| 1002 | Ironwork Fencing - Replace         | \$6,000                | \$10,390    | \$3,200          | \$0                        | \$20.74    |
| 1005 | Brick Wall - Replace (Old)         | \$36,800               | \$0         | \$36,800         | \$9,531                    | \$0.00     |
| 1011 | Retaining Wall - Replace           | \$6,500                | \$7,908     | \$2,438          | \$0                        | \$84.25    |
| 1104 | Pool Heater - Replace              | \$1,775                | \$3,197     | \$1,775          | \$0                        | \$12.27    |
| 1107 | Pool Filter - Replace              | \$578                  | \$925       | \$116            | \$0                        | \$3.99     |
| 1112 | Pool Cover - Replace               | \$925                  | \$1,369     | \$925            | \$0                        | \$9.59     |
| 1115 | Acrylic Pool - Resurface           | \$4,230                | \$7,618     | \$4,230          | \$0                        | \$29.24    |
| 1413 | Restroom - Remodel                 | \$1,625                | \$2,056     | \$1,138          | \$0                        | \$8.43     |
| 1602 | Exterior Wall Mount - Replace      | \$17,188               | \$20,107    | \$13,750         | \$0                        | \$89.11    |
| 1701 | Irrigation System - Rebuild        | \$13,500               | \$15,793    | \$8,100          | \$0                        | \$139.99   |
| 1703 | Irrigation Timerclocks - Replace   | \$8,400                | \$11,054    | \$3,500          | \$0                        | \$72.59    |

## Yearly Cash Flow For Vista Pointe Townhome Association

| Year                        | 2014      | 2015      | 2016      | 2017      | 2018      |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Starting Balance</b>     | \$73,656  | \$123,054 | \$260,416 | \$425,155 | \$586,606 |
| <i>Reserve Income</i>       | \$61,800  | \$64,272  | \$66,843  | \$69,517  | \$72,297  |
| <i>Interest Earnings</i>    | \$1,453   | \$2,386   | \$3,896   | \$5,526   | \$4,378   |
| <i>Special Assessments</i>  | \$94,000  | \$94,000  | \$94,000  | \$94,000  | \$94,000  |
| <b>Funds Available</b>      | \$230,909 | \$283,712 | \$425,155 | \$594,198 | \$757,280 |
| <b>Reserve Expenditures</b> | \$107,855 | \$23,296  | \$0       | \$7,593   | \$561,985 |
| <b>Ending Balance</b>       | \$123,054 | \$260,416 | \$425,155 | \$586,606 | \$195,295 |

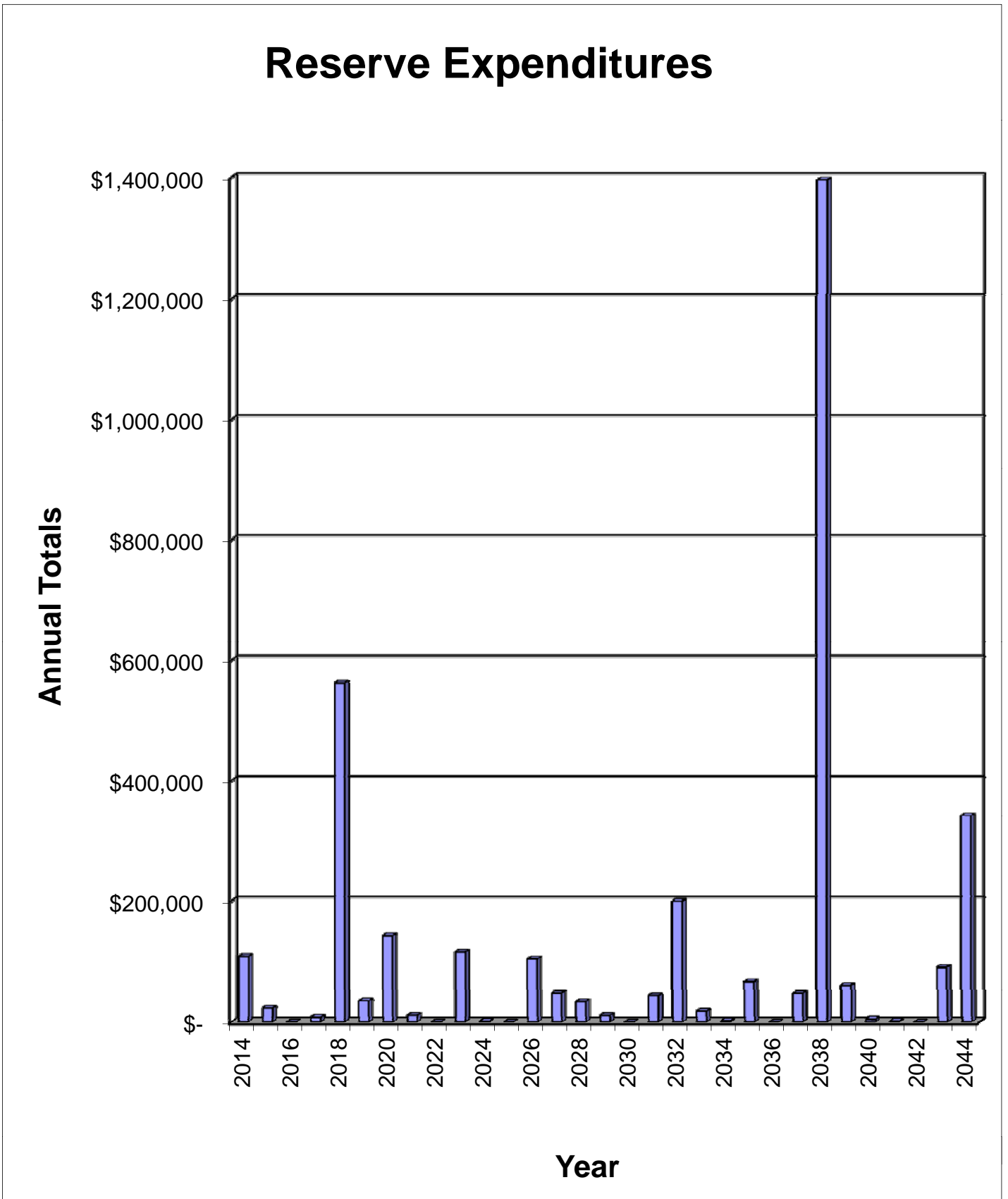
| Year                        | 2019      | 2020      | 2021      | 2022      | 2023      |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Starting Balance</b>     | \$195,295 | \$237,486 | \$175,430 | \$247,816 | \$335,308 |
| <i>Reserve Income</i>       | \$75,189  | \$78,197  | \$81,325  | \$84,578  | \$87,961  |
| <i>Interest Earnings</i>    | \$2,163   | \$2,064   | \$2,115   | \$2,914   | \$3,232   |
| <i>Special Assessments</i>  | \$0       | \$0       | \$0       | \$0       | \$0       |
| <b>Funds Available</b>      | \$272,647 | \$317,746 | \$258,869 | \$335,308 | \$426,500 |
| <b>Reserve Expenditures</b> | \$35,161  | \$142,317 | \$11,054  | \$0       | \$115,146 |
| <b>Ending Balance</b>       | \$237,486 | \$175,430 | \$247,816 | \$335,308 | \$311,354 |

| Year                        | 2024      | 2025      | 2026      | 2027      | 2028      |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Starting Balance</b>     | \$311,354 | \$405,045 | \$504,730 | \$505,130 | \$565,261 |
| <i>Reserve Income</i>       | \$91,479  | \$95,138  | \$98,944  | \$102,902 | \$107,018 |
| <i>Interest Earnings</i>    | \$3,580   | \$4,547   | \$5,047   | \$5,350   | \$6,047   |
| <i>Special Assessments</i>  | \$0       | \$0       | \$0       | \$0       | \$0       |
| <b>Funds Available</b>      | \$406,414 | \$504,730 | \$608,721 | \$613,381 | \$678,325 |
| <b>Reserve Expenditures</b> | \$1,369   | \$0       | \$103,591 | \$48,121  | \$33,768  |
| <b>Ending Balance</b>       | \$405,045 | \$504,730 | \$505,130 | \$565,261 | \$644,557 |

| Year                        | 2029      | 2030      | 2031        | 2032        | 2033        |
|-----------------------------|-----------|-----------|-------------|-------------|-------------|
| <b>Starting Balance</b>     | \$644,557 | \$752,021 | \$875,907   | \$961,839   | \$897,392   |
| <i>Reserve Income</i>       | \$111,298 | \$115,750 | \$120,380   | \$125,195   | \$130,203   |
| <i>Interest Earnings</i>    | \$6,980   | \$8,136   | \$9,185     | \$9,292     | \$9,580     |
| <i>Special Assessments</i>  | \$0       | \$0       | \$0         | \$0         | \$0         |
| <b>Funds Available</b>      | \$762,835 | \$875,907 | \$1,005,472 | \$1,096,327 | \$1,037,175 |
| <b>Reserve Expenditures</b> | \$10,815  | \$0       | \$43,633    | \$198,935   | \$17,698    |
| <b>Ending Balance</b>       | \$752,021 | \$875,907 | \$961,839   | \$897,392   | \$1,019,478 |

| Year                        | 2034        | 2035        | 2036        | 2037        | 2038        |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Starting Balance</b>     | \$1,019,478 | \$1,163,774 | \$1,250,813 | \$1,410,575 | \$1,529,775 |
| <i>Reserve Income</i>       | \$135,411   | \$140,828   | \$146,461   | \$152,319   | \$158,412   |
| <i>Interest Earnings</i>    | \$10,912    | \$12,068    | \$13,301    | \$14,696    | \$9,153     |
| <i>Special Assessments</i>  | \$0         | \$0         | \$0         | \$0         | \$0         |
| <b>Funds Available</b>      | \$1,165,801 | \$1,316,670 | \$1,410,575 | \$1,577,590 | \$1,697,340 |
| <b>Reserve Expenditures</b> | \$2,027     | \$65,856    | \$0         | \$47,815    | \$1,395,751 |
| <b>Ending Balance</b>       | \$1,163,774 | \$1,250,813 | \$1,410,575 | \$1,529,775 | \$301,589   |

| Year                        | 2039      | 2040      | 2041      | 2042      | 2043        |
|-----------------------------|-----------|-----------|-----------|-----------|-------------|
| <b>Starting Balance</b>     | \$301,589 | \$410,180 | \$581,972 | \$765,232 | \$959,171   |
| <i>Reserve Income</i>       | \$164,749 | \$171,339 | \$178,192 | \$185,320 | \$192,733   |
| <i>Interest Earnings</i>    | \$3,557   | \$4,959   | \$6,733   | \$8,618   | \$10,151    |
| <i>Special Assessments</i>  | \$0       | \$0       | \$0       | \$0       | \$0         |
| <b>Funds Available</b>      | \$469,895 | \$586,477 | \$766,897 | \$959,171 | \$1,162,054 |
| <b>Reserve Expenditures</b> | \$59,715  | \$4,505   | \$1,665   | \$0       | \$90,129    |
| <b>Ending Balance</b>       | \$410,180 | \$581,972 | \$765,232 | \$959,171 | \$1,071,925 |





## *Projected Reserve Expenditures For Vista Pointe Townhome Association*

| <b>Year</b> | <b>Asset ID</b> | <b>Asset Name</b>                  | <b>Projected Cost</b> | <b>Total Per Annum</b> |
|-------------|-----------------|------------------------------------|-----------------------|------------------------|
| 2014        | 204             | Building Ext Surfaces - Repaint    | \$52,875              | \$107,855              |
|             | 607             | Unit Decks - Major Repairs/Replace | \$11,250              |                        |
|             | 1005            | Brick Wall - Replace (Old)         | \$36,800              |                        |
|             | 1104            | Pool Heater - Replace              | \$1,775               |                        |
|             | 1112            | Pool Cover - Replace               | \$925                 |                        |
|             | 1115            | Acrylic Pool - Resurface           | \$4,230               |                        |
| 2015        | 402             | Asphalt - Seal Coat/crack fill     | \$5,382               | \$23,296               |
|             | 403             | Concrete - Repair/Replace          | \$10,400              |                        |
|             | 601             | Concrete Sidewalks/Decks - Repair  | \$7,514               |                        |
| 2016        |                 | No Expenditures Projected          |                       | \$0                    |
| 2017        | 803             | Mailboxes - Replace                | \$7,593               | \$7,593                |
| 2018        | 105             | Comp Shingle Roof - Replace        | \$480,402             | \$561,985              |
|             | 120             | Gutters/Downspouts - Replace       | \$45,683              |                        |
|             | 1602            | Exterior Wall Mount - Replace      | \$20,107              |                        |
|             | 1701            | Irrigation System - Rebuild        | \$15,793              |                        |
| 2019        | 402             | Asphalt - Seal Coat/crack fill     | \$6,296               | \$35,161               |
|             | 403             | Concrete - Repair/Replace          | \$12,167              |                        |
|             | 601             | Concrete Sidewalks/Decks - Repair  | \$8,790               |                        |
|             | 1011            | Retaining Wall - Replace           | \$7,908               |                        |
| 2020        | 204             | Building Ext Surfaces - Repaint    | \$66,904              | \$142,317              |
|             | 301             | Hardboard Siding - Major Repairs   | \$43,116              |                        |
|             | 607             | Unit Decks - Major Repairs/Replace | \$14,235              |                        |
|             | 1001            | Wood Fencing - Replace             | \$16,006              |                        |
|             | 1413            | Restroom - Remodel                 | \$2,056               |                        |
| 2021        | 1703            | Irrigation Timeclocks - Replace    | \$11,054              | \$11,054               |
| 2022        |                 | No Expenditures Projected          |                       | \$0                    |
| 2023        | 401             | Asphalt - Overlay                  | \$83,264              | \$115,146              |
|             | 402             | Asphalt - Seal Coat/crack fill     | \$7,366               |                        |
|             | 403             | Concrete - Repair/Replace          | \$14,233              |                        |
|             | 601             | Concrete Sidewalks/Decks - Repair  | \$10,283              |                        |
| 2024        | 1112            | Pool Cover - Replace               | \$1,369               | \$1,369                |
| 2025        |                 | No Expenditures Projected          |                       | \$0                    |
| 2026        | 204             | Building Ext Surfaces - Repaint    | \$84,655              | \$103,591              |
|             | 607             | Unit Decks - Major Repairs/Replace | \$18,012              |                        |
|             | 1107            | Pool Filter - Replace              | \$925                 |                        |
| 2027        | 402             | Asphalt - Seal Coat/crack fill     | \$8,617               | \$48,121               |
|             | 403             | Concrete - Repair/Replace          | \$16,651              |                        |
|             | 601             | Concrete Sidewalks/Decks - Repair  | \$12,030              |                        |
|             | 1011            | Retaining Wall - Replace           | \$10,823              |                        |
| 2028        | 1002            | Ironwork Fencing - Replace         | \$10,390              | \$33,768               |
|             | 1701            | Irrigation System - Rebuild        | \$23,378              |                        |
| 2029        | 1104            | Pool Heater - Replace              | \$3,197               | \$10,815               |
|             | 1115            | Acrylic Pool - Resurface           | \$7,618               |                        |
| 2030        |                 | No Expenditures Projected          |                       | \$0                    |
| 2031        | 402             | Asphalt - Seal Coat/crack fill     | \$10,080              | \$43,633               |
|             | 403             | Concrete - Repair/Replace          | \$19,479              |                        |
|             | 601             | Concrete Sidewalks/Decks - Repair  | \$14,074              |                        |
| 2032        | 204             | Building Ext Surfaces - Repaint    | \$107,115             | \$198,935              |
|             | 301             | Hardboard Siding - Major Repairs   | \$69,030              |                        |
|             | 607             | Unit Decks - Major Repairs/Replace | \$22,790              |                        |
| 2033        | 1703            | Irrigation Timeclocks - Replace    | \$17,698              | \$17,698               |
| 2034        | 1112            | Pool Cover - Replace               | \$2,027               | \$2,027                |
| 2035        | 402             | Asphalt - Seal Coat/crack fill     | \$11,793              |                        |

| <b>Year</b> | <b>Asset ID</b> | <b>Asset Name</b>                  | <b>Projected Cost</b> | <b>Total Per Annum</b> |
|-------------|-----------------|------------------------------------|-----------------------|------------------------|
|             | 403             | Concrete - Repair/Replace          | \$22,788              |                        |
|             | 601             | Concrete Sidewalks/Decks - Repair  | \$16,464              |                        |
|             | 1011            | Retaining Wall - Replace           | \$14,812              | \$65,856               |
| 2036        |                 | No Expenditures Projected          |                       | \$0                    |
| 2037        | 803             | Mailboxes - Replace                | \$16,637              |                        |
|             | 1001            | Wood Fencing - Replace             | \$31,179              | \$47,815               |
| 2038        | 105             | Comp Shingle Roof - Replace        | \$1,052,621           |                        |
|             | 120             | Gutters/Downspouts - Replace       | \$100,097             |                        |
|             | 204             | Building Ext Surfaces - Repaint    | \$135,535             |                        |
|             | 607             | Unit Decks - Major Repairs/Replace | \$28,837              |                        |
|             | 1602            | Exterior Wall Mount - Replace      | \$44,057              |                        |
|             | 1701            | Irrigation System - Rebuild        | \$34,605              | \$1,395,751            |
| 2039        | 402             | Asphalt - Seal Coat/crack fill     | \$13,796              |                        |
|             | 403             | Concrete - Repair/Replace          | \$26,658              |                        |
|             | 601             | Concrete Sidewalks/Decks - Repair  | \$19,261              | \$59,715               |
| 2040        | 1413            | Restroom - Remodel                 | \$4,505               | \$4,505                |
| 2041        | 1107            | Pool Filter - Replace              | \$1,665               | \$1,665                |
| 2042        |                 | No Expenditures Projected          |                       | \$0                    |
| 2043        | 402             | Asphalt - Seal Coat/crack fill     | \$16,139              |                        |
|             | 403             | Concrete - Repair/Replace          | \$31,187              |                        |
|             | 601             | Concrete Sidewalks/Decks - Repair  | \$22,532              |                        |
|             | 1011            | Retaining Wall - Replace           | \$20,271              | \$90,129               |
| 2044        | 204             | Building Ext Surfaces - Repaint    | \$171,495             |                        |
|             | 301             | Hardboard Siding - Major Repairs   | \$110,519             |                        |
|             | 607             | Unit Decks - Major Repairs/Replace | \$36,488              |                        |
|             | 1104            | Pool Heater - Replace              | \$5,757               |                        |
|             | 1112            | Pool Cover - Replace               | \$3,000               |                        |
|             | 1115            | Acrylic Pool - Resurface           | \$13,720              | \$340,978              |

## **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.

$$\text{FFB} = \text{Replacement Cost} \times \text{Effective Age} / \text{Useful Life}$$

**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 associations 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 than 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.