

**Quail Crossing Townhomes 8708
1419 Red Mountain Drive
Longmont, CO 80504**



Level 1 Reserve Analysis

Report Period – 01/01/14 – 12/31/14



**Client Reference Number 8708
Property Type – Townhomes
Number of Units – 126
Fiscal Year End – December 31**

**Draft
Version**

**Date of Property Observation - May 21, 2013
Project Manager - Matthew Woytek
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Report was prepared on - Tuesday, August 27, 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 **Asset Inventory Section** (Section 2) of this Reserve Analysis. The **Financial Analysis Section** is the evaluation of the association's Reserve balance, income, and expenses. This is made up of a finding of the clients current Reserve Fund Status (measured as Percent Funded) and a recommendation for an appropriate Reserve Allocation rate (also known as the Funding Plan). You can find this information in Section 3 (pages 1 – 13) of this Reserve Analysis.

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

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

Assoc. ID #8708

Projected Starting Balance as of January 1, 2014 -	\$126,796
Ideal Reserve Balance as of January 1, 2014 -	\$648,125
Percent Funded as of January 1, 2014 -	20%
Recommended Reserve Allocation (per month) -	\$11,000
Minimum Reserve Allocation (per month) -	\$10,400
Recommended Special Assessments -	\$0

Information to complete this Reserve Analysis was gathered during a property observation of the common area elements on May 21, 2013. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representatives (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 126 townhome style units within 21 similar buildings that were constructed approximately 13 years ago. Common area amenities the association is responsible to maintain include the building exterior surfaces, separate garage buildings, parking areas, common area landscaping, and a moderate sized irrigation system. Please refer to pages 11 thru 13 of the Financial Analysis section for a list of when other components are scheduled to be addressed.

In comparing the projected balance of \$126,796 versus the ideal Reserve Balance of \$648,125, we find the association Reserve fund to be in an average financial position at this point in time (approximately 20% funded of ideal). As a result of the information contained in this report, we find the current budgeted Reserve allocation (\$2,400 per month) to be less than adequate in increasing the strength of the Reserve fund to prepare for future projects. Therefore, we are recommending a major increase of the Reserve contribution to \$11,000 (representing an increase of approximately \$68.25 per unit) per month effective immediately, followed by nominal annual increases of 2.90% to 3.50% 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 \$10,400 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 \$4.76 on average 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 (1)



Observations:

At time of observation it was reported that these roofs should have approximately 9 - 10 years of useful life left. These are "30 year" rated shingles, however, with the temperature fluctuations, small hail events and high winds in this climate, we recommend the association reserve to replace shingles every 20 - 25 years. We have split roof replacement into 3 phases to help ease budgeting concerns.

Location: Unit building roofs

Quantity: Approx. 610 squares

Life Expectancy: 25 **Remaining Life:** 12

Best Cost: \$198,250

\$325/square; Estimate to replace with similar

Worst Cost: \$213,500

\$350/square; Higher estimate for more labor

Source of Information: Cost database

General Notes:

Each unit building - 61 squares

Unit buildings this phase -
 10 buildings x 61 squares = 610 squares

Comp #: 106 Comp Shingle Roof - Replace (2)



Observations:

At time of observation it was reported that these roofs should have approximately 9 - 10 years of useful life left. These are "30 year" rated shingles, however, with the temperature fluctuations, small hail events and high winds in this climate, we recommend the association reserve to replace shingles every 20 - 25 years. We have split roof replacement into 3 phases to help ease budgeting concerns.

Location: Unit building roofs

Quantity: Approx. 671 squares

Life Expectancy: 25 **Remaining Life:** 13

Best Cost: \$218,075

\$325/square; Estimate to replace with similar

Worst Cost: \$234,850

\$350/square; Higher estimate for more labor

Source of Information: Cost database

General Notes:

Each unit building - 61 squares

Unit buildings this phase -
 11 buildings x 61 squares = 671 squares

Comp #: 107 Comp Shingle Roof - Replace (Garages)



Observations:

At time of observation it was reported that these roofs should have approximately 9 - 10 years of useful life left. These are "30 year" rated shingles, however, with the temperature fluctuations, small hail events and high winds in this climate, we recommend the association reserve to replace shingles every 20 - 25 years. We have split roof replacement into 3 phases to help ease budgeting concerns.

Location: Garage building roofs

Quantity: Approx. 369 squares

Life Expectancy: 25 *Remaining Life:* 14

Best Cost: \$129,150
\$350/square; Estimate to remove and replace

Worst Cost: \$147,600
\$400/square; Higher estimate for more labor costs

Source of Information: Cost database

General Notes:

- Garage Buildings -
- (2) 6 car garages - 18 squares
- (1) 8 car garage - 24 squares
- (1) 10 car garage - 29 squares
- (8) 12 car garages - 35 squares
- Garage buildings this phase -
- (12) buildings - 369 squares

Comp #: 120 Gutters/Downspouts - Replace (1)



Observations:

There were no unusual conditions with the installation of the lines or any evidence of damage. It is typical for debris, such as roof granules and dirt, to build up in the lines. When debris remains in the raingutters, it will stay wet after rains and snow melt which will cause premature deterioration of the materials. Therefore, we recommend cleaning out the lines at least once a year as a maintenance expense to ensure full life expectancy. It is typical to replace raingutters and downspouts at the same time as roof materials for best cost estimate.

Location: Unit building roofs

Quantity: Approx. 4,600 LF

Life Expectancy: 25 *Remaining Life:* 12

Best Cost: \$24,150

\$5.25/LF; Estimate to replace

Worst Cost: \$27,600

\$6.00/LF: Higher estimate for larger lines

Source of Information: Cost Database

General Notes:

Each unit building - 460 LF
Unit buildings this phase -
10 buildings x 460 squares = 4,600 LF

Comp #: 121 Gutters/Downspouts - Replace (2)



Observations:

There were no unusual conditions with the installation of the lines or any evidence of damage. It is typical for debris, such as roof granules and dirt, to build up in the lines. When debris remains in the raingutters, it will stay wet after rains and snow melt which will cause premature deterioration of the materials. Therefore, we recommend cleaning out the lines at least once a year as a maintenance expense to ensure full life expectancy. It is typical to replace raingutters and downspouts at the same time as roof materials for best cost estimate.

Location: Unit building roofs

Quantity: Approx. 5,060 LF

Life Expectancy: 25 **Remaining Life:** 13

Best Cost: \$26,565

\$5.25/LF; Estimate to replace

Worst Cost: \$30,360

\$6.00/LF: Higher estimate for larger lines

Source of Information: Cost Database

General Notes:

Each unit building - 460 LF

Unit buildings this phase -
 11 buildings x 460 squares = 5,060 LF

Comp #: 122 Gutters/Downspouts - Replace (Garages)



Observations:

There were no unusual conditions with the installation of the lines or any evidence of damage. It is typical for debris, such as roof granules and dirt, to build up in the lines. When debris remains in the raingutters, it will stay wet after rains and snow melt which will cause premature deterioration of the materials. Therefore, we recommend cleaning out the lines at least once a year as a maintenance expense to ensure full life expectancy. It is typical to replace raingutters and downspouts at the same time as roof materials for best cost estimate.

Location: Garage building roofs

Quantity: Approx. 2,015 LF

Life Expectancy: 25 **Remaining Life:** 14

Best Cost: \$10,600

\$5.25/LF; Estimate to replace

Worst Cost: \$12,100

\$6.00/LF: Higher estimate for larger lines

Source of Information: Cost Database

General Notes:

- Garage Buildings -
- (2) 6 car garages - 170 LF
- (1) 8 car garage - 105 LF
- (1) 10 car garage - 130 LF
- (8) 12 car garages - 180 LF

Garage buildings this phase -
(12) buildings = 2,015 LF

Comp #: 204 Building Ext Surfaces - Repaint (1)



Observations:

At time of observation, majority of exterior surfaces appeared in fair to poor condition. Many areas of fading paint were apparent as well as some localized marking and missing paint. Although the worst areas are apparent in the darker blue color on the unit buildings, the entire surface should be planned for repainting every 5 years in order to ensure a proper appearance and to maximize the useful life of the siding. The association should also consider an operational line item to perform touch ups between repainting cycles to maintain the integrity of the painted surfaces.

Location: Unit building exterior finish

Quantity: (7) buildings, (42) units

Life Expectancy: 5 *Remaining Life:* 0

Best Cost: \$31,500
\$4500/building; Estimate to repaint buildings

Worst Cost: \$38,500
\$5500/unit; Higher estimate for more prep work

Source of Information: Estimates received by client

General Notes:

Buildings -
Siding quantity per building - 6,575 GSF

Siding quantity this phase - 46,025 GSF

Patio walls -
Siding quantity per building - 740 GSF

Siding quantity this phase - 5,180 GSF

Comp #: 205 Building Ext Surfaces - Repaint (2)



Observations:

At time of observation, majority of exterior surfaces appeared in fair to poor condition. Many areas of fading paint were apparent as well as some localized marking and missing paint. Although the worst areas are apparent in the darker blue color on the unit buildings, the entire surface should be planned for repainting every 5 years in order to ensure a proper appearance and to maximize the useful life of the siding. The association should also consider an operational line item to perform touch ups between repainting cycles to maintain the integrity of the painted surfaces.

Location: Unit building exterior finish

Quantity: (7) buildings, (42) units

Life Expectancy: 5 *Remaining Life:* 1

Best Cost: \$31,500

\$4500/building; Estimate to repaint buildings

Worst Cost: \$38,500

\$5500/unit; Higher estimate for more prep work

Source of Information: Estimates received by client

General Notes:

Buildings -
Siding quantity per building - 6,575 GSF
Siding quantity this phase - 46,025 GSF
Patio walls -
Siding quantity per building - 740 GSF
Siding quantity this phase - 5,180 GSF

Comp #: 206 Building Ext Surfaces - Repaint (3)



Observations:

At time of observation, majority of exterior surfaces appeared in fair to poor condition. Many areas of fading paint were apparent as well as some localized marking and missing paint. Although the worst areas are apparent in the darker blue color on the unit buildings, the entire surface should be planned for repainting every 5 years in order to ensure a proper appearance and to maximize the useful life of the siding. The association should also consider an operational line item to perform touch ups between repainting cycles to maintain the integrity of the painted surfaces.

Location: Unit building exterior finish

Quantity: (7) buildings, (42) units

Life Expectancy: 5 **Remaining Life:** 2

Best Cost: \$31,500

\$4500/building; Estimate to repaint buildings

Worst Cost: \$38,500

\$5500/unit; Higher estimate for more prep work

Source of Information: Estimates received by client

General Notes:

<p>Buildings - Siding quantity per building - 6,575 GSF Siding quantity this phase - 46,025 GSF</p> <p>Patio walls - Siding quantity per building - 740 GSF Siding quantity this phase - 5,180 GSF</p>
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Comp #: 207 Building Ext Surfaces - Repaint (Garages/Refuse)



Observations:

At time of observation, majority of exterior surfaces appeared in fair to poor condition. Many areas of fading paint were apparent as well as some localized marking and missing paint. Although the worst areas are apparent in the darker blue color on the unit buildings, the entire surface should be planned for repainting every 5 years in order to ensure a proper appearance and to maximize the useful life of the siding. The association should also consider an operational line item to perform touch ups between repainting cycles to maintain the integrity of the painted surfaces.

Location: Garage Buildings & Trash Enclosures

Quantity: (126) Garages

Life Expectancy: 5 Remaining Life: 3

Best Cost: \$8,140

Estimate to repaint garage buildings/trash encl.

Worst Cost: \$8,960

Higher estimate for additional prep costs

Source of Information: Estimates received by client

General Notes:

- Garage Buildings -
- (5) Trash enclosures - 235 GSF
- (2) 6 car garages - 1,520 GSF
- (1) 8 car garage - 1,600 GSF
- (1) 10 car garage - 1,780 GSF
- (8) 12 car garages - 1,960 GSF
- Garage buildings this phase -
- (12) buildings & (5) enclosures = 23,275 GSF

Comp #: 301 Hardboard Siding - Major Repairs (1)



Observations:

The funding on this line item is for repairs to siding and trim that lies outside the scope of routine paint prep. We recommend reserving for this project to occur every paint cycle due to the appearance of the siding while on site, especially on patio walls. This allowance will likely help the association avoid completely replacing siding in the future. If deterioration rates change, we can adjust cost and/or frequency in future updates of this report.

Location: Unit building exterior finish

Quantity: (42) units

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

Best Cost: \$14,700
\$350/unit; Allowance for major repairs

Worst Cost: \$16,800
\$400/unit; Higher allowance for more repairs

Source of Information: Cost Database

General Notes:

<p>Buildings - Siding quantity per building - 6,575 GSF Siding quantity this phase - 46,025 GSF</p> <p>Patio walls - Siding quantity per building - 740 GSF Siding quantity this phase - 5,180 GSF</p>
--

Comp #: 302 Hardboard Siding - Major Repairs (2)



Observations:

The funding on this line item is for repairs to siding and trim that lies outside the scope of routine paint prep. We recommend reserving for this project to occur every paint cycle due to the appearance of the siding while on site, especially on patio walls. This allowance will likely allow the association from completely replacing siding in the future. If deterioration rates change, we can adjust cost and/or frequency in future updates of this report.

Location: Unit building exterior finish

Quantity: (42) units

Life Expectancy: 5 **Remaining Life:** 1

Best Cost: \$14,700
\$350/unit; Allowance for major repairs

Worst Cost: \$16,800
\$400/unit; Higher allowance for more repairs

Source of Information: Cost Database

General Notes:

<p>Buildings - Siding quantity per building - 6,575 GSF</p> <p>Siding quantity this phase - 46,025 GSF</p> <p>Patio walls - Siding quantity per building - 740 GSF</p> <p>Siding quantity this phase - 5,180 GSF</p>
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Comp #: 303 Hardboard Siding - Major Repairs (3)



Observations:

The funding on this line item is for repairs to siding and trim that lies outside the scope of routine paint prep. We recommend reserving for this project to occur every paint cycle due to the appearance of the siding while on site, especially on patio walls. This allowance will likely allow the association from completely replacing siding in the future. If deterioration rates change, we can adjust cost and/or frequency in future updates of this report.

Location: Unit building exterior finish

Quantity: (42) units

Life Expectancy: 5 *Remaining Life:* 2

Best Cost: \$14,700
\$350/unit; Allowance for major repairs

Worst Cost: \$16,800
\$400/unit; Higher allowance for more repairs

Source of Information: Cost Database

General Notes:

Buildings -
Siding quantity per building - 6,575 GSF
Siding quantity this phase - 46,025 GSF

Patio walls -
Siding quantity per building - 740 GSF
Siding quantity this phase - 5,180 GSF

Comp #: 304 Hardboard Siding - Major Repairs (Garages/Refuse)



Observations:

The funding on this line item is for repairs to siding and trim that lies outside the scope of routine paint prep. We recommend reserving for this project to occur every paint cycle due to the appearance of the siding while on site, especially on patio walls. This allowance will likely allow the association from completely replacing siding in the future. If deterioration rates change, we can adjust cost and/or frequency in future updates of this report.

Location: Garage building exterior finish

Quantity: (126) Garages

Life Expectancy: 5 Remaining Life: 3

Best Cost: \$5,670
\$45/unit; Estimate to replace

Worst Cost: \$6,300
\$50/unit; Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

Garage Buildings -
(5) Trash enclosures - 235 GSF
(2) 6 car garages - 1,520 GSF
(1) 8 car garage - 1,600 GSF
(1) 10 car garage - 1,780 GSF
(8) 12 car garages - 1,960 GSF
Garage buildings this phase -
(12) buildings & (5) enclosures = 23,275 GSF

Comp #: 401 Asphalt - Overlay



Observations:

Asphalt appeared in good to fair condition with extensive cracking noted at time of observation. In order to maximize the useful life of the asphalt, we recommend reserving to seal coat every 4 years (see component #402) as well as performing crack fill operations as an annual operating expense.

Location: **Community streets**

Quantity: **Approx. 83,320 GSF**

Life Expectancy: **24** *Remaining Life:* **11**

Best Cost: **\$137,478**

\$1.65/GSF; Est. to rotomill and 2" overlay

Worst Cost: **\$158,300**

\$1.90/GSF; Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

Comp #: 402 Asphalt - Seal Coat/Crack Fill



Observations:

Asphalt was dry and in need of seal coat this fiscal year. In order to maximize the useful life of the asphalt, it is recommended that the association reserve to seal coat every 3 - 4 years.

Location: **Community streets**

Quantity: **Approx. 83,320 GSF**

Life Expectancy: **4** *Remaining Life:* **0**

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

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

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

\$.15/GSF; Higher estimate for some repairs

Source of Information: Cost Database

General Notes:

Comp #: 403 Concrete - Repair/Replace



Observations:

Since it is unlikely that all concrete surfaces will fail at the same time, we suggest establishing a Reserve fund for periodic repairs and replacement to approximately 10% of the total area (860 GSF) every 4 years. Repairs should be coordinated with other concrete surfaces and asphalt for best cost estimate since most asphalt companies can also perform concrete work.

Location: Drive surfaces throughout property

Quantity: Approx. 8,550 GSF

Life Expectancy: 4 **Remaining Life:** 0

Best Cost: \$7,310

Estimate to replace 5% of area every 3 years

Worst Cost: \$7,955

Higher allowance for more repairs

Source of Information: Cost Database

General Notes:

Drive concrete -
 Drain pans - 1,070 GSF
 Trash enclosure pads - 900 GSF
 Curbs/gutters - 6,580 GSF

Comp #: 506 Windows and Doors - Replace



Observations:

At time of preparing this report, it was reported that the replacement of windows and doors is the responsibility of the individual homeowner. We were unable to access the community governing documents at time of report preparation, if the responsibility ends up being the HOA's responsibility, we can add funding upon revision of the draft report.

Location: Unit buildings

Quantity: Approx. (1,680) openings

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

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

(126) 3x7 front doors
(126) 6x7 sliding glass doors
(1,428) windows

Comp #: 601 Concrete Sidewalks/Patios - Repair



Observations:

Majority of concrete surfaces appeared in fair condition with only minor areas of cracking noted. Concrete surfaces are subject to minor deterioration, such as spalling and cracking in this climate. However, it is unlikely all concrete surfaces will fail and need to be replaced at the same time. Therefore, we suggest establishing a Reserve allowance for frequent repairs and replacement every 4 years. Coordinate repairs with other concrete surfaces or asphalt for best cost estimate.

Location: Unit building egress/common areas

Quantity: Approx. 68,465 GSF

Life Expectancy: 4 *Remaining Life:* 0

Best Cost: \$18,000

Allowance to repair 10% of area every 4 years

Worst Cost: \$22,000

Higher allowance for more needed repairs

Source of Information: Cost Database

General Notes:

Patio concrete - 24,255 GSF
Sidewalks - 44,210 GSF
Street sidewalk/curb/gutter - 6,285 GSF

Comp #: 803 Mailboxes - Replace



Observations:

Mailbox stations are susceptible to rusting at the base where they are anchored into the concrete pad and should be painted as needed using operating funds. 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: Common areas

Quantity: (10) CBU's

Life Expectancy: 20 **Remaining Life:** 7

Best Cost: \$16,500

\$1650/CBU; Estimate to replace

Worst Cost: \$19,000

\$1900/CBU; Higher estimate for better quality

Source of Information: Cost Database

General Notes:

Mailboxes -
 (10) 13 box CBU's, 1 out, 1 parcel
 (no badges on units to verify age, assume original)

Comp #: 1002 Metal Railings - Replace



Observations:

The metal rail on site is tube railing and appeared in good condition while on site. Due to the low quantity of railings in the community, we do not recommend reserving to replace or to repaint. Replace and repaint as needed using operating funds. No reserve funding necessary at this time.

Location: Common areas

Quantity: Approx. 15 LF

Life Expectancy: N/A *Remaining Life:*

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

Comp #: 1210 Gazebo - Replace



Observations:

At time of observation, gazebo appeared stable and in good condition. The gazebo structure should have a useful life of 25 - 28 years before needing to be replaced. Vinyl is a hearty material, however, in this climate, the materials do expand and contract along with the freeze thaw cycle and will eventually need to be replaced due to the vinyl becoming brittle and weak. We recommend reserving to replace the entire gazebo every 25 years to ensure a safe environment as well as to present a proper appearance for the community.

Location: Common Area

Quantity: (1) gazebo

Life Expectancy: 25 *Remaining Life:* 14

Best Cost: \$10,000

Estimate to remove and install similar gazebo

Worst Cost: \$12,000

Higher estimate for more labor/better quality

Source of Information: Cost Database

General Notes:

gazebo -
roofing - 1.5 squares
(main components are vinyl)

Comp #: 1307 Benches - Replace



Observations:

Benches appeared in good condition at time of observation with no problems noted with coated surface or stands. Expect to replace benches with this amount of exposure to the elements every 12 - 15 years under normal conditions. Frequently inspect for rust and corrosion and keep metal surfaces painted to maximize the useful life of the benches.

Location: Common area

Quantity: (2) Benches

Life Expectancy: 15 *Remaining Life:* 10

Best Cost: \$2,000
\$1,000/bench; Estimate to remove and replace

Worst Cost: \$2,200
\$1,100/bench; Higher estimate for better quality

Source of Information: Cost Database

General Notes:

(2) Park benches

Comp #: 1602 Exterior Wall Mount - Replace



Picture Unavailable

Observations:

Wall lights appeared aged and in fair to poor condition 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 community. 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.

Location: Unit building egress

Quantity: Approx. (328) fixtures

Life Expectancy: 18 *Remaining Life:* 5

Best Cost: **\$31,500**
\$125/light; Estimate to replace

Worst Cost: **\$37,800**
\$150/light; Higher estimate for better quality

Source of Information: Cost Database

General Notes:

Comp #: 1604 Pole Lights - Replace



Observations:

Pole lights appeared in fair condition at time of observation and actually appear to be holding up better than what is typically observed in pole lights of this age. We assume these lights were installed at time of construction in 2000/2001 which makes these lights 12 - 13 years old at time of observation. We have extended the useful life a couple of years based on the observed condition. Expect to replace these fixtures every 15 years to maintain a consistent appearance and to ensure proper lighting as a safety precaution for residents.

Location: **Common areas throughout community**

General Notes:

Quantity: **Approx. (76) fixtures**

Life Expectancy: **15** *Remaining Life:* **5**

Best Cost: **\$32,300**
\$425/fixture; Estimate to replace with similar

Worst Cost: **\$34,200**
\$450/light; Higher estimate for different fixture

Source of Information: Cost Database

Comp #: 1609 Street Lights - Replace



Observations:

Similar to the pole lights (comp. #1604) these fixtures appear to be holding up better than what we typically observe in lights of this age (12 - 13 years old). In order to maintain a consistent appearance we recommend replacing all lights at the same time every 18 years.

Location: Common areas throughout property

Quantity: Approx. (6) fixtures

Life Expectancy: 18 *Remaining Life:* 8

Best Cost: \$5,400
\$900/fixture; Estimate to replace

Worst Cost: \$6,000
\$1,000/fixture; Higher estimate for better quality

Source of Information: Cost Database

General Notes:

Comp #: 1701 Irrigation System - Major Repairs



Observations:

At time of observation the irrigation system appeared to have complete coverage with no dry or dead spots in the turf noted. Going forward, it was recommended that the association reserve an allowance for repairs that lie outside the scope of routine maintenance. The system is reportedly installed in a manner that is running into problems along lateral lines that are being impinged upon by maturing tree and shrub roots. These repairs, along with bulk sprinkler head replacement, occasional main line repairs, valve replacement, rewiring, etc. is the reason we are recommending an allowance for major repairs to the system every 3 years.

Location: Throughout community

General Notes:

Quantity: Extensive system

Life Expectancy: 3 Remaining Life: 1

Best Cost: \$7,500

Allowance for major repairs

Worst Cost: \$10,000

Higher allowance for more repairs

Source of Information: Research with contractor



Comp #: 1703 Irrigation Timeclocks - Replace



Observations:

It was reported at time of preparing this report that the clocks on site are relatively inexpensive and does not reach the minimum cost threshold for separate reserve funding. Therefore, we recommend the association replace the clocks on an as needed basis using operating funds.

Location: **Common areas**

Quantity: **(2) clocks**

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

Best Cost: **\$0**

Worst Cost: **\$0**

General Notes:

Timeclocks -
Garage 112 - 115 - Hunter ICC, date: 11/04
Garage 43 - 47 - Hunter ICC, date: 1/04

Source of Information:

Comp #: 1801 Landscaping - Refurbish



Observations:

At time of observation and while preparing this report, it was recommended that the association reserve for major landscaping refurbishment to occur every 2 - 3 years. It was reported that the shrubs and plants are struggling to survive and constant maintenance is needed to keep the landscaping in fair condition. Therefore, we recommend reserving to perform refurbishment projects every 3 years. If deterioration rates change, we can adjust cost and/or frequency in future updates of this report.

Location: Throughout community

Quantity: Extensive

Life Expectancy: 3 Remaining Life: 1

Best Cost: \$8,000

Allowance for landscape refurbishment

Worst Cost: \$10,000

Higher allowance for more refurbishment costs

Source of Information: Research with contractor

General Notes:

Empty rectangular box for general notes.

Comp #: 1804 Tree - Replacement

Picture Unavailable

Picture Unavailable

Observations:

At time of preparing this report, it was brought to our attention that the large cottonwood trees on the Southeast portion of the property are aged and will need to be replaced within the next 18 - 20 years. It was recommended by a professional that these trees be set on a 30 year useful life to ensure a safe and attractive environment for the community.

Location: **West perimeter of community**

General Notes:

Quantity: **Approx. (15) large cottonwoods**

Life Expectancy: **30** *Remaining Life:* **18**

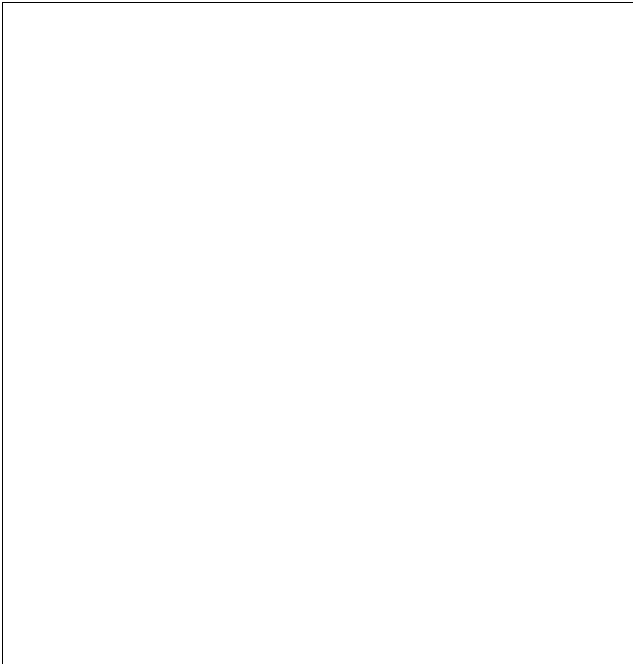
Best Cost: **\$30,000**

\$2,000/tree; Estimate to remove and replace

Worst Cost: **\$37,500**

\$2,500/tree; Higher estimate for larger trees

Source of Information: Research with contractor



Comp #: 1813 Flagstone - Replace



Observations:

Flagstone appeared in good condition at time of observation with no overt signs of settling or other problems. The material itself should have a very long useful life and complete replacement is unlikely. We recommend the association frequently inspect the flagstone and repair any settling that may occur. These repairs should be made on an as needed basis using operating funds. No reserve funding is necessary at this time.

Location: **Common area**

Quantity: **Approx. 350 GSF**

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

Best Cost: **\$0**

Worst Cost: **\$0**

General Notes:

Flagstone - 350 GSF

Source of Information:

Funding Summary For Quail Crossing Townhomes

Beginning Assumptions

Financial Information Source	Research With Client
# of units	126
Fiscal Year End	December 31, 2014
Monthly Dues from 2013 budget	\$20,790.00
Monthly Reserve Allocation from 2013 Budget	\$2,400.00
Projected Starting Reserve Balance (as of 1/1/2014)	\$126,796
Ideal Starting Reserve Balance (as of 1/1/2014)	\$648,125

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	20%
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Recommendations for 2014 Fiscal Year

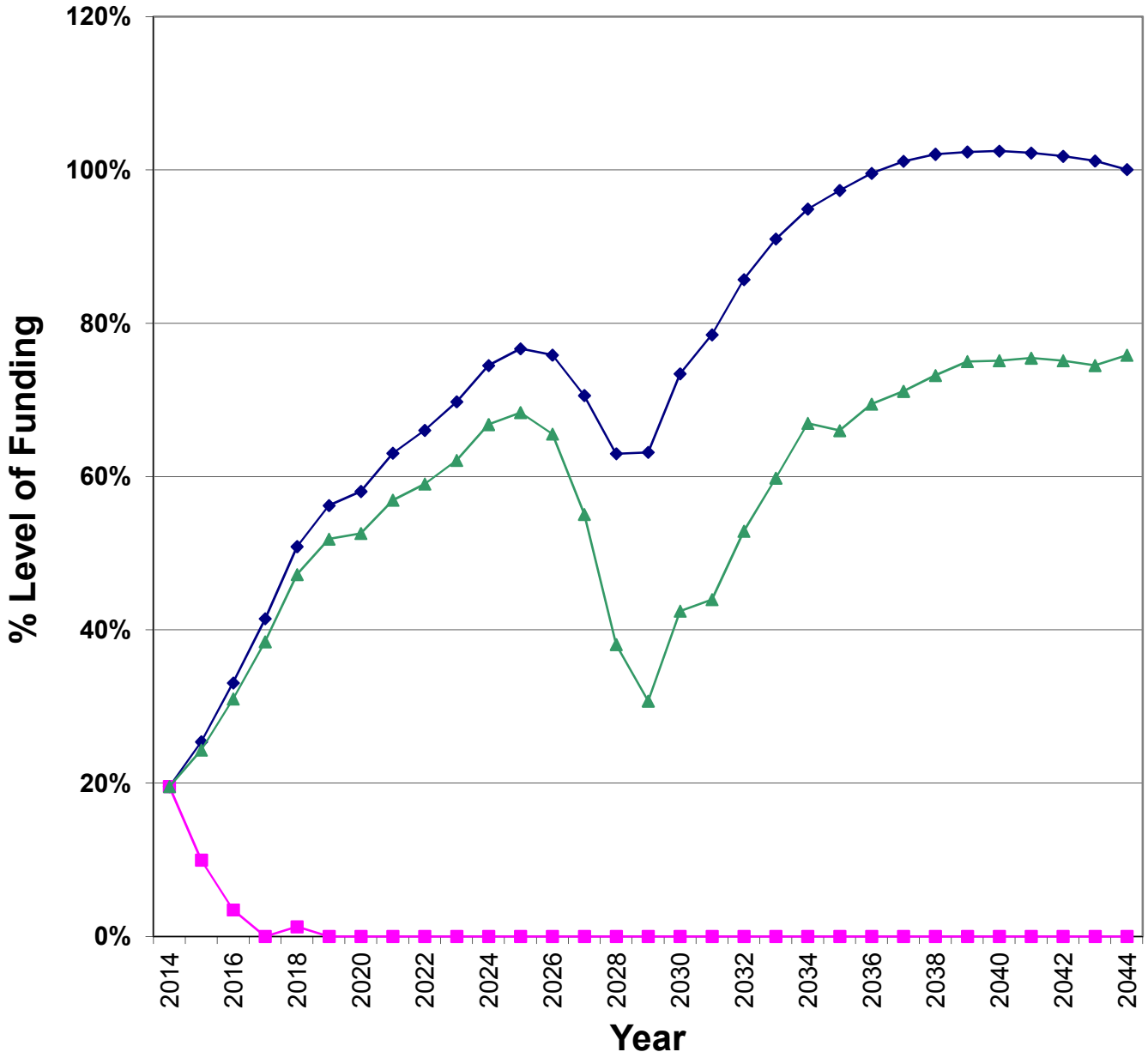
Monthly Reserve Allocation	\$11,000
Per Unit	\$87.30
Minimum Monthly Reserve Allocation	\$10,400
Per Unit	\$82.54
Primary Annual Increases	3.50%
# of Years	11
Secondary Annual Increases	2.90%
# of Years	19
Special Assessment	\$0
Per Unit	\$0

Changes From Prior Year (2013 to 2014)

Increase/Decrease to Reserve Allocation	\$8,600
as Percentage	358%
Per Unit	\$68.25

Percent Funded Graph For Quail Crossing Townhomes

Percent Funded



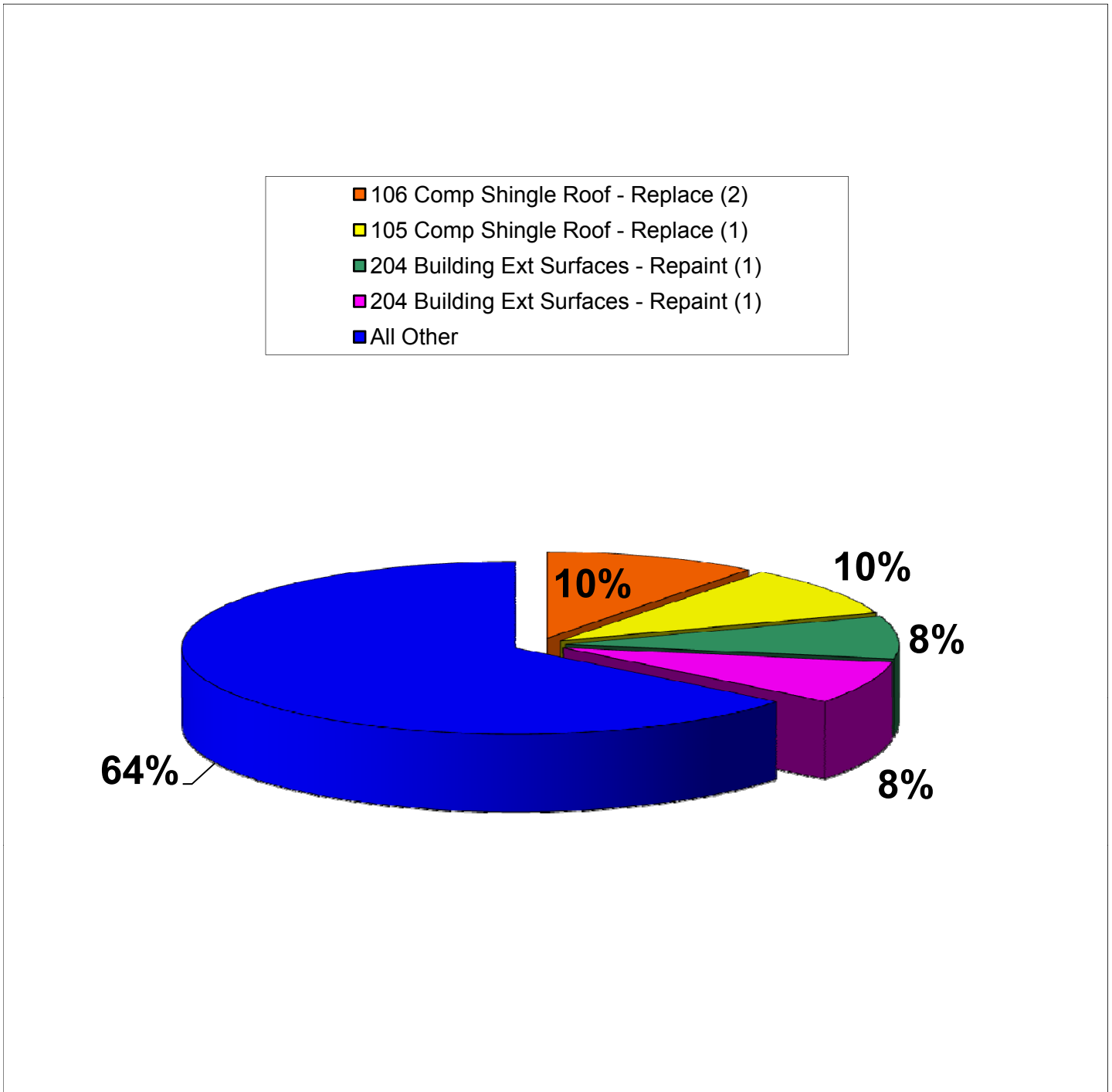
Component Inventory for Quail Crossing Townhomes

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	105	Comp Shingle Roof - Replace (1)	25	12	\$198,250	\$213,500
	106	Comp Shingle Roof - Replace (2)	25	13	\$218,075	\$234,850
	107	Comp Shingle Roof - Replace (Garages)	25	14	\$129,150	\$147,600
	120	Gutters/Downspouts - Replace (1)	25	12	\$24,150	\$27,600
	121	Gutters/Downspouts - Replace (2)	25	13	\$26,565	\$30,360
	122	Gutters/Downspouts - Replace (Garages)	25	14	\$10,600	\$12,100
Painted Surfaces	204	Building Ext Surfaces - Repaint (1)	5	0	\$31,500	\$38,500
	205	Building Ext Surfaces - Repaint (2)	5	1	\$31,500	\$38,500
	206	Building Ext Surfaces - Repaint (3)	5	2	\$31,500	\$38,500
	207	Building Ext Surfaces - Repaint (Garage)	5	3	\$8,140	\$8,960
Siding Materials	301	Hardboard Siding - Major Repairs (1)	5	0	\$14,700	\$16,800
	302	Hardboard Siding - Major Repairs (2)	5	1	\$14,700	\$16,800
	303	Hardboard Siding - Major Repairs (3)	5	2	\$14,700	\$16,800
	304	Hardboard Siding - Major Repairs (Gara)	5	3	\$5,670	\$6,300
Drive Materials	401	Asphalt - Overlay	24	11	\$137,478	\$158,300
	402	Asphalt - Seal Coat/Crack Fill	4	0	\$10,000	\$12,500
	403	Concrete - Repair/Replace	4	0	\$7,310	\$7,955
Property Access	506	Windows and Doors - Replace	N/A		\$0	\$0
Decking	601	Concrete Sidewalks/Patios - Repair	4	0	\$18,000	\$22,000
Prop. Identification	803	Mailboxes - Replace	20	7	\$16,500	\$19,000
Fencing/Walls	1002	Metal Railings - Replace	N/A		\$0	\$0
Courts	1210	Gazebo - Replace	25	14	\$10,000	\$12,000
Recreation Equip.	1307	Benches - Replace	15	10	\$2,000	\$2,200
Light Fixtures	1602	Exterior Wall Mount - Replace	18	5	\$31,500	\$37,800
	1604	Pole Lights - Replace	15	5	\$32,300	\$34,200
	1609	Street Lights - Replace	18	8	\$5,400	\$6,000
Irrig. System	1701	Irrigation System - Major Repairs	3	1	\$7,500	\$10,000
	1703	Irrigation Timeclocks - Replace	N/A		\$0	\$0
Landscaping	1801	Landscaping - Refurbish	3	1	\$8,000	\$10,000
	1804	Tree - Replacement	30	18	\$30,000	\$37,500
	1813	Flagstone - Replace	N/A		\$0	\$0

Significant Components For Quail Crossing Townhomes

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance:	
					(Curr Cost/UL) As \$	As %
105	Comp Shingle Roof - Replace (1)	25	12	\$205,875	\$8,235	9.3939%
106	Comp Shingle Roof - Replace (2)	25	13	\$226,463	\$9,059	10.3333%
107	Comp Shingle Roof - Replace (Garages)	25	14	\$138,375	\$5,535	6.3139%
120	Gutters/Downspouts - Replace (1)	25	12	\$25,875	\$1,035	1.1807%
121	Gutters/Downspouts - Replace (2)	25	13	\$28,463	\$1,139	1.2987%
122	Gutters/Downspouts - Replace (Garages)	25	14	\$11,350	\$454	0.5179%
204	Building Ext Surfaces - Repaint (1)	5	0	\$35,000	\$7,000	7.9851%
205	Building Ext Surfaces - Repaint (2)	5	1	\$35,000	\$7,000	7.9851%
206	Building Ext Surfaces - Repaint (3)	5	2	\$35,000	\$7,000	7.9851%
207	Building Ext Surfaces - Repaint (Garages/R	5	3	\$8,550	\$1,710	1.9506%
301	Hardboard Siding - Major Repairs (1)	5	0	\$15,750	\$3,150	3.5933%
302	Hardboard Siding - Major Repairs (2)	5	1	\$15,750	\$3,150	3.5933%
303	Hardboard Siding - Major Repairs (3)	5	2	\$15,750	\$3,150	3.5933%
304	Hardboard Siding - Major Repairs (Garages	5	3	\$5,985	\$1,197	1.3655%
401	Asphalt - Overlay	24	11	\$147,889	\$6,162	7.0292%
402	Asphalt - Seal Coat/Crack Fill	4	0	\$11,250	\$2,813	3.2083%
403	Concrete - Repair/Replace	4	0	\$7,633	\$1,908	2.1767%
601	Concrete Sidewalks/Patios - Repair	4	0	\$20,000	\$5,000	5.7036%
803	Mailboxes - Replace	20	7	\$17,750	\$888	1.0124%
1210	Gazebo - Replace	25	14	\$11,000	\$440	0.5019%
1307	Benches - Replace	15	10	\$2,100	\$140	0.1597%
1602	Exterior Wall Mount - Replace	18	5	\$34,650	\$1,925	2.1959%
1604	Pole Lights - Replace	15	5	\$33,250	\$2,217	2.5286%
1609	Street Lights - Replace	18	8	\$5,700	\$317	0.3612%
1701	Irrigation System - Major Repairs	3	1	\$8,750	\$2,917	3.3271%
1801	Landscaping - Refurbish	3	1	\$9,000	\$3,000	3.4222%
1804	Tree - Replacement	30	18	\$33,750	\$1,125	1.2833%

Significant Components Graph For Quail Crossing Townhomes



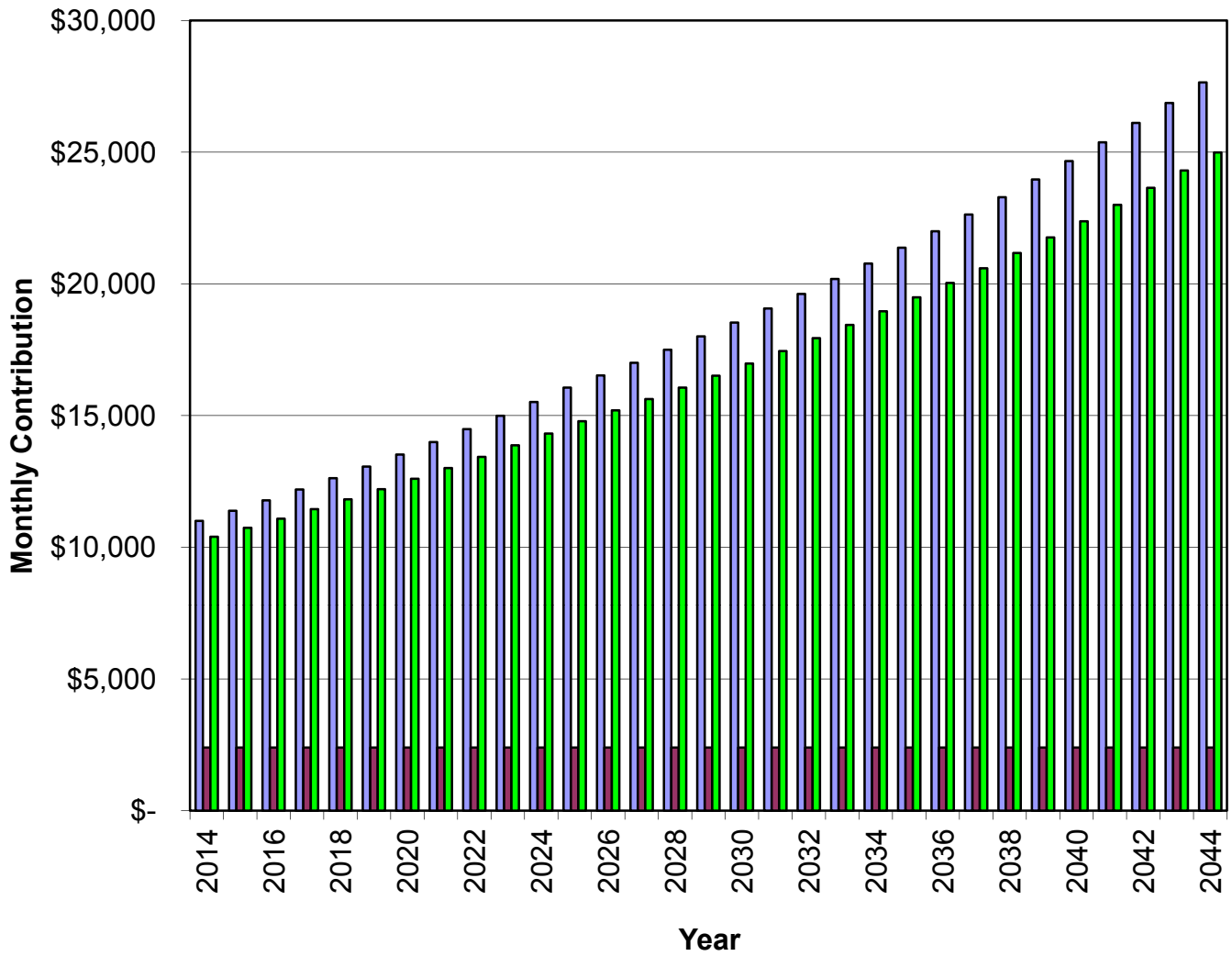
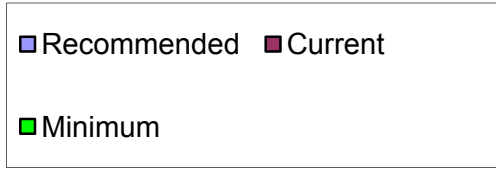
Asset ID	Asset Name	UL	RUL	Average Curr. Cost	As \$	As %
106	Comp Shingle Roof - Replace (2)	25	13	\$226,463	\$9,059	10%
105	Comp Shingle Roof - Replace (1)	25	12	\$205,875	\$8,235	9%
204	Building Ext Surfaces - Repaint (1)	5	0	\$35,000	\$7,000	8%
204	Building Ext Surfaces - Repaint (1)	5	0	\$35,000	\$7,000	8%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$56,370	64%

Yearly Summary For Quail Crossing Townhomes

Fiscal Year	Start	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2014		\$648,125	\$126,796	20%	\$132,000	\$0	\$1,487	\$89,633
2015		\$672,002	\$170,650	25%	\$136,620	\$0	\$2,043	\$71,240
2016		\$719,609	\$238,073	33%	\$141,402	\$0	\$2,826	\$54,891
2017		\$789,916	\$327,410	41%	\$146,351	\$0	\$3,942	\$16,350
2018		\$907,062	\$461,353	51%	\$151,473	\$0	\$5,063	\$66,252
2019		\$981,098	\$551,636	56%	\$156,775	\$0	\$5,604	\$144,356
2020		\$981,134	\$569,659	58%	\$162,262	\$0	\$6,215	\$64,215
2021		\$1,068,954	\$673,921	63%	\$167,941	\$0	\$7,044	\$113,499
2022		\$1,113,646	\$735,407	66%	\$173,819	\$0	\$7,855	\$80,906
2023		\$1,198,822	\$836,174	70%	\$179,902	\$0	\$9,304	\$0
2024		\$1,376,537	\$1,025,380	74%	\$186,199	\$0	\$10,711	\$104,505
2025		\$1,457,867	\$1,117,785	77%	\$192,716	\$0	\$10,661	\$305,796
2026		\$1,338,506	\$1,015,367	76%	\$198,305	\$0	\$8,612	\$514,544
2027		\$1,002,886	\$707,739	71%	\$204,056	\$0	\$5,733	\$478,226
2028		\$697,451	\$439,302	63%	\$209,973	\$0	\$4,070	\$278,324
2029		\$593,769	\$375,021	63%	\$216,062	\$0	\$4,394	\$91,398
2030		\$686,657	\$504,080	73%	\$222,328	\$0	\$5,170	\$201,125
2031		\$675,712	\$530,453	79%	\$228,776	\$0	\$5,981	\$98,856
2032		\$777,520	\$666,354	86%	\$235,410	\$0	\$7,385	\$97,817
2033		\$891,585	\$811,333	91%	\$242,237	\$0	\$9,180	\$37,397
2034		\$1,080,436	\$1,025,353	95%	\$249,262	\$0	\$10,200	\$269,251
2035		\$1,043,397	\$1,015,565	97%	\$256,491	\$0	\$10,910	\$115,647
2036		\$1,172,614	\$1,167,318	100%	\$263,929	\$0	\$12,237	\$162,339
2037		\$1,266,751	\$1,281,145	101%	\$271,583	\$0	\$13,626	\$121,227
2038		\$1,416,052	\$1,445,126	102%	\$279,459	\$0	\$15,421	\$99,668
2039		\$1,602,735	\$1,640,338	102%	\$287,563	\$0	\$16,978	\$188,208
2040		\$1,714,152	\$1,756,670	102%	\$295,902	\$0	\$18,348	\$156,506
2041		\$1,872,717	\$1,914,414	102%	\$304,484	\$0	\$19,769	\$197,511
2042		\$2,005,090	\$2,041,157	102%	\$313,314	\$0	\$21,007	\$213,410
2043		\$2,136,738	\$2,162,067	101%	\$322,400	\$0	\$23,339	\$0

Reserve Contributions For Quail Crossing Townhomes

Reserve Contributions



Component Funding Information For Quail Crossing Townhomes

ID	Component Name	Ave			Current	Monthly
		Current Cost	Future Cost	Ideal Balance	Fund Balance	
105	Comp Shingle Roof - Replace (1)	\$205,875	\$329,613	\$107,055	\$0	\$1,033.33
106	Comp Shingle Roof - Replace (2)	\$226,463	\$377,077	\$108,702	\$0	\$1,136.66
107	Comp Shingle Roof - Replace (Garages)	\$138,375	\$239,621	\$60,885	\$0	\$694.53
120	Gutters/Downspouts - Replace (1)	\$25,875	\$41,427	\$13,455	\$0	\$129.87
121	Gutters/Downspouts - Replace (2)	\$28,463	\$47,392	\$13,662	\$0	\$142.86
122	Gutters/Downspouts - Replace (Garages)	\$11,350	\$19,655	\$4,994	\$0	\$56.97
204	Building Ext Surfaces - Repaint (1)	\$35,000	\$42,583	\$35,000	\$35,000	\$878.36
205	Building Ext Surfaces - Repaint (2)	\$35,000	\$36,400	\$28,000	\$28,000	\$878.36
206	Building Ext Surfaces - Repaint (3)	\$35,000	\$37,856	\$21,000	\$0	\$878.36
207	Building Ext Surfaces - Repaint (Garages/Refus	\$8,550	\$9,618	\$3,420	\$0	\$214.57
301	Hardboard Siding - Major Repairs (1)	\$15,750	\$19,162	\$15,750	\$15,750	\$395.26
302	Hardboard Siding - Major Repairs (2)	\$15,750	\$16,380	\$12,600	\$9,164	\$395.26
303	Hardboard Siding - Major Repairs (3)	\$15,750	\$17,035	\$9,450	\$0	\$395.26
304	Hardboard Siding - Major Repairs (Garages/Ref	\$5,985	\$6,732	\$2,394	\$0	\$150.20
401	Asphalt - Overlay	\$147,889	\$227,668	\$80,107	\$0	\$773.21
402	Asphalt - Seal Coat/Crack Fill	\$11,250	\$13,161	\$11,250	\$11,250	\$352.91
403	Concrete - Repair/Replace	\$7,633	\$8,929	\$7,633	\$7,633	\$239.43
601	Concrete Sidewalks/Patios - Repair	\$20,000	\$23,397	\$20,000	\$20,000	\$627.40
803	Mailboxes - Replace	\$17,750	\$23,358	\$11,538	\$0	\$111.36
1210	Gazebo - Replace	\$11,000	\$19,048	\$4,840	\$0	\$55.21
1307	Benches - Replace	\$2,100	\$3,109	\$700	\$0	\$17.57
1602	Exterior Wall Mount - Replace	\$34,650	\$42,157	\$25,025	\$0	\$241.55
1604	Pole Lights - Replace	\$33,250	\$40,454	\$22,167	\$0	\$278.15
1609	Street Lights - Replace	\$5,700	\$7,801	\$3,167	\$0	\$39.74
1701	Irrigation System - Major Repairs	\$8,750	\$9,100	\$5,833	\$0	\$365.98
1801	Landscaping - Refurbish	\$9,000	\$9,360	\$6,000	\$0	\$376.44
1804	Tree - Replacement	\$33,750	\$68,371	\$13,500	\$0	\$141.17

Yearly Cash Flow For Quail Crossing Townhomes

Year	2014	2015	2016	2017	2018
Starting Balance	\$126,796	\$170,650	\$238,073	\$327,410	\$461,353
<i>Reserve Income</i>	\$132,000	\$136,620	\$141,402	\$146,351	\$151,473
<i>Interest Earnings</i>	\$1,487	\$2,043	\$2,826	\$3,942	\$5,063
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$260,283	\$309,313	\$382,301	\$477,702	\$617,888
Reserve Expenditures	\$89,633	\$71,240	\$54,891	\$16,350	\$66,252
Ending Balance	\$170,650	\$238,073	\$327,410	\$461,353	\$551,636

Year	2019	2020	2021	2022	2023
Starting Balance	\$551,636	\$569,659	\$673,921	\$735,407	\$836,174
<i>Reserve Income</i>	\$156,775	\$162,262	\$167,941	\$173,819	\$179,902
<i>Interest Earnings</i>	\$5,604	\$6,215	\$7,044	\$7,855	\$9,304
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$714,015	\$738,136	\$848,906	\$917,080	\$1,025,380
Reserve Expenditures	\$144,356	\$64,215	\$113,499	\$80,906	\$0
Ending Balance	\$569,659	\$673,921	\$735,407	\$836,174	\$1,025,380

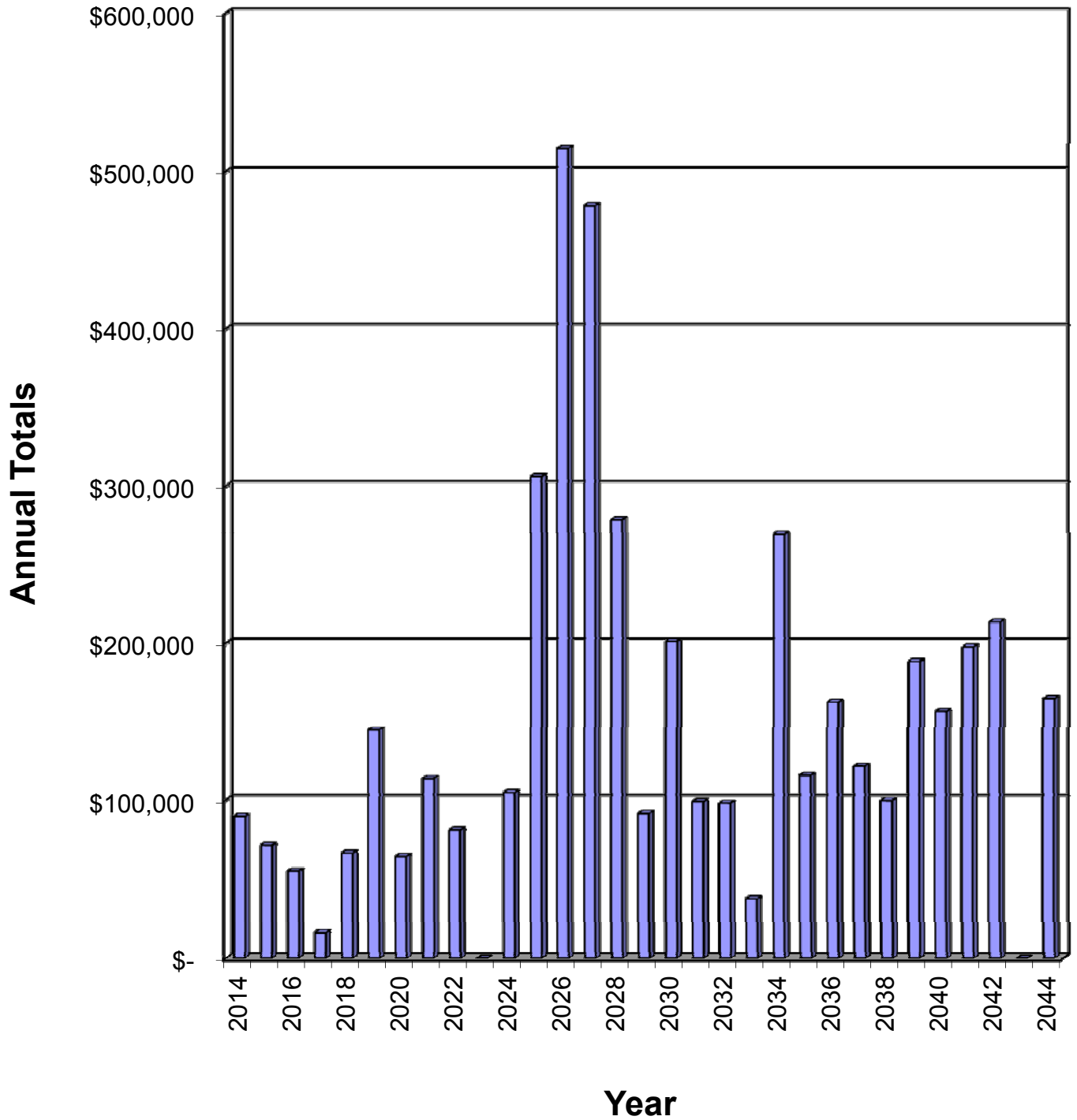
Year	2024	2025	2026	2027	2028
Starting Balance	\$1,025,380	\$1,117,785	\$1,015,367	\$707,739	\$439,302
<i>Reserve Income</i>	\$186,199	\$192,716	\$198,305	\$204,056	\$209,973
<i>Interest Earnings</i>	\$10,711	\$10,661	\$8,612	\$5,733	\$4,070
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,222,290	\$1,321,162	\$1,222,283	\$917,528	\$653,345
Reserve Expenditures	\$104,505	\$305,796	\$514,544	\$478,226	\$278,324
Ending Balance	\$1,117,785	\$1,015,367	\$707,739	\$439,302	\$375,021

Year	2029	2030	2031	2032	2033
Starting Balance	\$375,021	\$504,080	\$530,453	\$666,354	\$811,333
<i>Reserve Income</i>	\$216,062	\$222,328	\$228,776	\$235,410	\$242,237
<i>Interest Earnings</i>	\$4,394	\$5,170	\$5,981	\$7,385	\$9,180
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$595,478	\$731,578	\$765,210	\$909,150	\$1,062,750
Reserve Expenditures	\$91,398	\$201,125	\$98,856	\$97,817	\$37,397
Ending Balance	\$504,080	\$530,453	\$666,354	\$811,333	\$1,025,353

Year	2034	2035	2036	2037	2038
Starting Balance	\$1,025,353	\$1,015,565	\$1,167,318	\$1,281,145	\$1,445,126
<i>Reserve Income</i>	\$249,262	\$256,491	\$263,929	\$271,583	\$279,459
<i>Interest Earnings</i>	\$10,200	\$10,910	\$12,237	\$13,626	\$15,421
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,284,816	\$1,282,965	\$1,443,484	\$1,566,353	\$1,740,005
Reserve Expenditures	\$269,251	\$115,647	\$162,339	\$121,227	\$99,668
Ending Balance	\$1,015,565	\$1,167,318	\$1,281,145	\$1,445,126	\$1,640,338

Year	2039	2040	2041	2042	2043
Starting Balance	\$1,640,338	\$1,756,670	\$1,914,414	\$2,041,157	\$2,162,067
<i>Reserve Income</i>	\$287,563	\$295,902	\$304,484	\$313,314	\$322,400
<i>Interest Earnings</i>	\$16,978	\$18,348	\$19,769	\$21,007	\$23,339
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,944,878	\$2,070,920	\$2,238,667	\$2,375,477	\$2,507,806
Reserve Expenditures	\$188,208	\$156,506	\$197,511	\$213,410	\$0
Ending Balance	\$1,756,670	\$1,914,414	\$2,041,157	\$2,162,067	\$2,507,806

Reserve Expenditures



Projected Reserve Expenditures For Quail Crossing Townhomes

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2014	204	Building Ext Surfaces - Repaint (1)	\$35,000	
	301	Hardboard Siding - Major Repairs (1)	\$15,750	
	402	Asphalt - Seal Coat/Crack Fill	\$11,250	
	403	Concrete - Repair/Replace	\$7,633	
	601	Concrete Sidewalks/Patios - Repair	\$20,000	\$89,633
2015	205	Building Ext Surfaces - Repaint (2)	\$36,400	
	302	Hardboard Siding - Major Repairs (2)	\$16,380	
	1701	Irrigation System - Major Repairs	\$9,100	
	1801	Landscaping - Refurbish	\$9,360	\$71,240
2016	206	Building Ext Surfaces - Repaint (3)	\$37,856	
	303	Hardboard Siding - Major Repairs (3)	\$17,035	\$54,891
2017	207	Building Ext Surfaces - Repaint (Garages/Refu	\$9,618	
	304	Hardboard Siding - Major Repairs (Garages/R	\$6,732	\$16,350
2018	402	Asphalt - Seal Coat/Crack Fill	\$13,161	
	403	Concrete - Repair/Replace	\$8,929	
	601	Concrete Sidewalks/Patios - Repair	\$23,397	
	1701	Irrigation System - Major Repairs	\$10,236	
	1801	Landscaping - Refurbish	\$10,529	\$66,252
2019	204	Building Ext Surfaces - Repaint (1)	\$42,583	
	301	Hardboard Siding - Major Repairs (1)	\$19,162	
	1602	Exterior Wall Mount - Replace	\$42,157	
	1604	Pole Lights - Replace	\$40,454	\$144,356
2020	205	Building Ext Surfaces - Repaint (2)	\$44,286	
	302	Hardboard Siding - Major Repairs (2)	\$19,929	\$64,215
2021	206	Building Ext Surfaces - Repaint (3)	\$46,058	
	303	Hardboard Siding - Major Repairs (3)	\$20,726	
	803	Mailboxes - Replace	\$23,358	
	1701	Irrigation System - Major Repairs	\$11,514	
	1801	Landscaping - Refurbish	\$11,843	\$113,499
2022	207	Building Ext Surfaces - Repaint (Garages/Refu	\$11,701	
	304	Hardboard Siding - Major Repairs (Garages/R	\$8,191	
	402	Asphalt - Seal Coat/Crack Fill	\$15,396	
	403	Concrete - Repair/Replace	\$10,446	
	601	Concrete Sidewalks/Patios - Repair	\$27,371	
	1609	Street Lights - Replace	\$7,801	\$80,906
2023		No Expenditures Projected		\$0
2024	204	Building Ext Surfaces - Repaint (1)	\$51,809	
	301	Hardboard Siding - Major Repairs (1)	\$23,314	
	1307	Benches - Replace	\$3,109	
	1701	Irrigation System - Major Repairs	\$12,952	
	1801	Landscaping - Refurbish	\$13,322	\$104,505
2025	205	Building Ext Surfaces - Repaint (2)	\$53,881	
	302	Hardboard Siding - Major Repairs (2)	\$24,246	
	401	Asphalt - Overlay	\$227,668	\$305,796
2026	105	Comp Shingle Roof - Replace (1)	\$329,613	
	120	Gutters/Downspouts - Replace (1)	\$41,427	
	206	Building Ext Surfaces - Repaint (3)	\$56,036	
	303	Hardboard Siding - Major Repairs (3)	\$25,216	
	402	Asphalt - Seal Coat/Crack Fill	\$18,012	
	403	Concrete - Repair/Replace	\$12,220	
	601	Concrete Sidewalks/Patios - Repair	\$32,021	\$514,544
2027	106	Comp Shingle Roof - Replace (2)	\$377,077	
	121	Gutters/Downspouts - Replace (2)	\$47,392	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	207	Building Ext Surfaces - Repaint (Garages/Refu	\$14,236	\$478,226
	304	Hardboard Siding - Major Repairs (Garages/R	\$9,965	
	1701	Irrigation System - Major Repairs	\$14,569	
	1801	Landscaping - Refurbish	\$14,986	
2028	107	Comp Shingle Roof - Replace (Garages)	\$239,621	\$278,324
	122	Gutters/Downspouts - Replace (Garages)	\$19,655	
	1210	Gazebo - Replace	\$19,048	
2029	204	Building Ext Surfaces - Repaint (1)	\$63,033	\$91,398
	301	Hardboard Siding - Major Repairs (1)	\$28,365	
2030	205	Building Ext Surfaces - Repaint (2)	\$65,554	\$201,125
	302	Hardboard Siding - Major Repairs (2)	\$29,499	
	402	Asphalt - Seal Coat/Crack Fill	\$21,071	
	403	Concrete - Repair/Replace	\$14,296	
	601	Concrete Sidewalks/Patios - Repair	\$37,460	
	1701	Irrigation System - Major Repairs	\$16,389	
	1801	Landscaping - Refurbish	\$16,857	
2031	206	Building Ext Surfaces - Repaint (3)	\$68,177	\$98,856
	303	Hardboard Siding - Major Repairs (3)	\$30,679	
2032	207	Building Ext Surfaces - Repaint (Garages/Refu	\$17,321	\$97,817
	304	Hardboard Siding - Major Repairs (Garages/R	\$12,125	
	1804	Tree - Replacement	\$68,371	
2033	1701	Irrigation System - Major Repairs	\$18,435	\$37,397
	1801	Landscaping - Refurbish	\$18,962	
2034	204	Building Ext Surfaces - Repaint (1)	\$76,689	\$269,251
	301	Hardboard Siding - Major Repairs (1)	\$34,510	
	402	Asphalt - Seal Coat/Crack Fill	\$24,650	
	403	Concrete - Repair/Replace	\$16,724	
	601	Concrete Sidewalks/Patios - Repair	\$43,822	
	1604	Pole Lights - Replace	\$72,855	
2035	205	Building Ext Surfaces - Repaint (2)	\$79,757	\$115,647
	302	Hardboard Siding - Major Repairs (2)	\$35,891	
2036	206	Building Ext Surfaces - Repaint (3)	\$82,947	\$162,339
	303	Hardboard Siding - Major Repairs (3)	\$37,326	
	1701	Irrigation System - Major Repairs	\$20,737	
	1801	Landscaping - Refurbish	\$21,329	
2037	207	Building Ext Surfaces - Repaint (Garages/Refu	\$21,073	\$121,227
	304	Hardboard Siding - Major Repairs (Garages/R	\$14,751	
	1602	Exterior Wall Mount - Replace	\$85,402	
2038	402	Asphalt - Seal Coat/Crack Fill	\$28,837	\$99,668
	403	Concrete - Repair/Replace	\$19,564	
	601	Concrete Sidewalks/Patios - Repair	\$51,266	
2039	204	Building Ext Surfaces - Repaint (1)	\$93,304	\$188,208
	301	Hardboard Siding - Major Repairs (1)	\$41,987	
	1307	Benches - Replace	\$5,598	
	1701	Irrigation System - Major Repairs	\$23,326	
	1801	Landscaping - Refurbish	\$23,993	
2040	205	Building Ext Surfaces - Repaint (2)	\$97,036	\$156,506
	302	Hardboard Siding - Major Repairs (2)	\$43,666	
	1609	Street Lights - Replace	\$15,803	
2041	206	Building Ext Surfaces - Repaint (3)	\$100,918	\$197,511
	303	Hardboard Siding - Major Repairs (3)	\$45,413	
	803	Mailboxes - Replace	\$51,180	
2042	207	Building Ext Surfaces - Repaint (Garages/Refu	\$25,639	
	304	Hardboard Siding - Major Repairs (Garages/R	\$17,947	
	402	Asphalt - Seal Coat/Crack Fill	\$33,735	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	403	Concrete - Repair/Replace	\$22,888	
	601	Concrete Sidewalks/Patios - Repair	\$59,974	
	1701	Irrigation System - Major Repairs	\$26,239	
	1801	Landscaping - Refurbish	\$26,988	\$213,410
2043		No Expenditures Projected		\$0
2044	204	Building Ext Surfaces - Repaint (1)	\$113,519	
	301	Hardboard Siding - Major Repairs (1)	\$51,084	\$164,602

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.