



December 12, 2014

Stapleton Mansion Homes
Attn: Bill Caniglia
Stapleton Mansion Homes Condo Association
8109 E. 28th Place
Denver, CO 80238

Regarding: Completed Reserve Analysis (Association #4036)

Dear Bill:

Per your request, please find enclosed (1) color copy of the Reserve Study. Additionally, a compact disc has been provided for the association's files. We recommend that you view all photographs on the disc, which were taken during our property site observation

While it has been our goal to provide you with a document that is both easy to read and understand, it is also our intention to provide a complete and accurate Report. In reviewing this final document, if you find any errors or omissions, please inform us immediately so we may revise the report. Changes in the report from reviewing the draft that was emailed on October 30, 2014 have been completed as requested and are reflected in this final version. If any adjustments are required due to a change in the association's philosophies, this can be accomplished at our standard rate of \$150 per hour.

Now that you have received the Reserve Analysis, use it as a tool to assist you in establishing your budget, as well as an advanced warning for upcoming projects. This report should be reviewed at least once a year for obtaining proposals in advance of pending projects, and to make sure the Reserve funds are in line with projections. The outcome of this report should be conveyed with the property owners as to the status of the Reserve fund. The property owners should also know what the Board of Directors plans are to improve or maintain the Reserve fund.

Remember, just like any major line item in the budget, it is important to review the Reserve Fund status and contribution rate each year as the budget planning process begins. We look forward to working together in the future to assist the Board of Directors in planning their budgets.

Sincerely,

G. Michael Kelsen, RS, PRA
Owner

Stapleton Mansion Homes Condominium Association

8109 E. 28th Place
Denver, CO 80238



Level 3 Reserve Analysis Reserve Study without Property Observation Report Period – 01/01/15 – 12/31/15



Association Reference Number – 4036
Client Reference Number – 5420
Property Type – Townhomes
Number of Units – 98
Fiscal Year End – December 31

Revised
Final Report

Date of Property Observation - Not Applicable
Project Manager - G. Michael Kelsen, RS, PRA
Main Contact - Mr. William Caniglia, Board Treasurer
Report was prepared on - Friday, December 19, 2014

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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 typically in the **Asset Inventory Section** of the original Reserve Analysis. It should be noted there is not an **Asset Inventory Section** in this report due to the Level of Service requested by the client. 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 2 (pages 1 – 12) 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.

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.

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 –

A Property Observation was not conducted for this report per the contract agreement.

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 Stapleton Mansion Homes - Assoc. ID # - 04036-14

Projected Starting Balance as of January 1, 2015 -	\$80,000
Ideal Reserve Balance as of January 1, 2015 -	\$353,007
Percent Funded as of January 1, 2015 -	23%
Recommended Reserve Allocation (per month) -	\$7,950
Minimum Reserve Allocation (per month) -	\$7,300
Recommended Special Assessment -	\$0

This report is an update to an existing Reserve Study Report that was prepared two years ago for the 2013 fiscal period. A property site observation was not conducted per the request of the association. While we commend the Board of Directors in making a decision to update the previous Reserve Study, we recommend having a trained professional evaluate the property at least every 3 – 5 years to verify conditions, useful life, and remaining life of components. Since the last time we were on site was about 2 years ago, we strongly recommend an updated Reserve Study with site observation within the next couple years. It is possible that some philosophical changes have occurred since the last Reserve Study and some components will be added to the list in future Reserve Study updates. To update the figures in the report, we obtained information by contacting the property representative (Community Manager) and association vendors. 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 condominium community contains 98 condo units within 18 similar buildings. The property was originally constructed approximately 12 years ago in 2003. The maintenance responsibilities of the association include building exterior surfaces, private driveways and an irrigation system. Reserve projects completed recently include replacing the asphalt shingle roofs due to damage sustained from a hailstorm, and some repairs to the stucco due to damage from birds (expense handled as an operating expense). Please refer to the *Projected Reserve Expenditure* table of the Financial Analysis section for a list of when components are programmed to be addressed.

In comparing the projected balance of \$80,000 versus the ideal Reserve Balance of \$353,007, we find the association Reserve fund to be in a less than average financial position at this time (approximately 23% funded of ideal). Associations in this position are in danger of Special Assessments, or deferred maintenance, which can lead to lower property values. However, as long as our recommendation is followed, this can be avoided. As a result of the information contained in this report, we find the current budgeted Reserve contribution (\$3,485 per month in 2014) to be less than ideal in increasing the strength of the Reserve account. Therefore, we suggest increasing the Reserve contribution to \$7,950 per month (representing an increase of approximately \$45.60 per unit), followed by nominal annual increases of 4.75% thereafter to help offset the effects of inflation. This will maintain the Reserve fund at a fully funded position throughout the 30-year report period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$7,300 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where Special Assessments, deferred maintenance, and lower property values are likely 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 8% 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 extremely minimal, and based on the risk involved, we strongly suggest the recommended Reserve Allocation is followed.

Funding Summary For Stapleton Mansion Homes Condo. Assoc.

Beginning Assumptions

Financial Information Source	Research With Client
# of units	98
Fiscal Year End	December 31, 2015
Monthly Dues from 2014 budget	\$22,148.00
Monthly Reserve Allocation from 2014 Budget	\$3,485.00
Proj. Starting Res Balance (as of 1/1/2015) per client	\$80,000
Reserve Balance: Average Per Unit	\$816
Ideal Starting Reserve Balance (as of 1/1/2015)	\$353,007
Ideal Reserve Balance: Average Per Unit	\$3,602

Economic Factors

Past 20 year Average Inflation Rate (Based on CCI)	4.50%
Current Average Interest Rate	1.00%

Current Reserve Status

Current Balance as a % of Ideal Balance	23%
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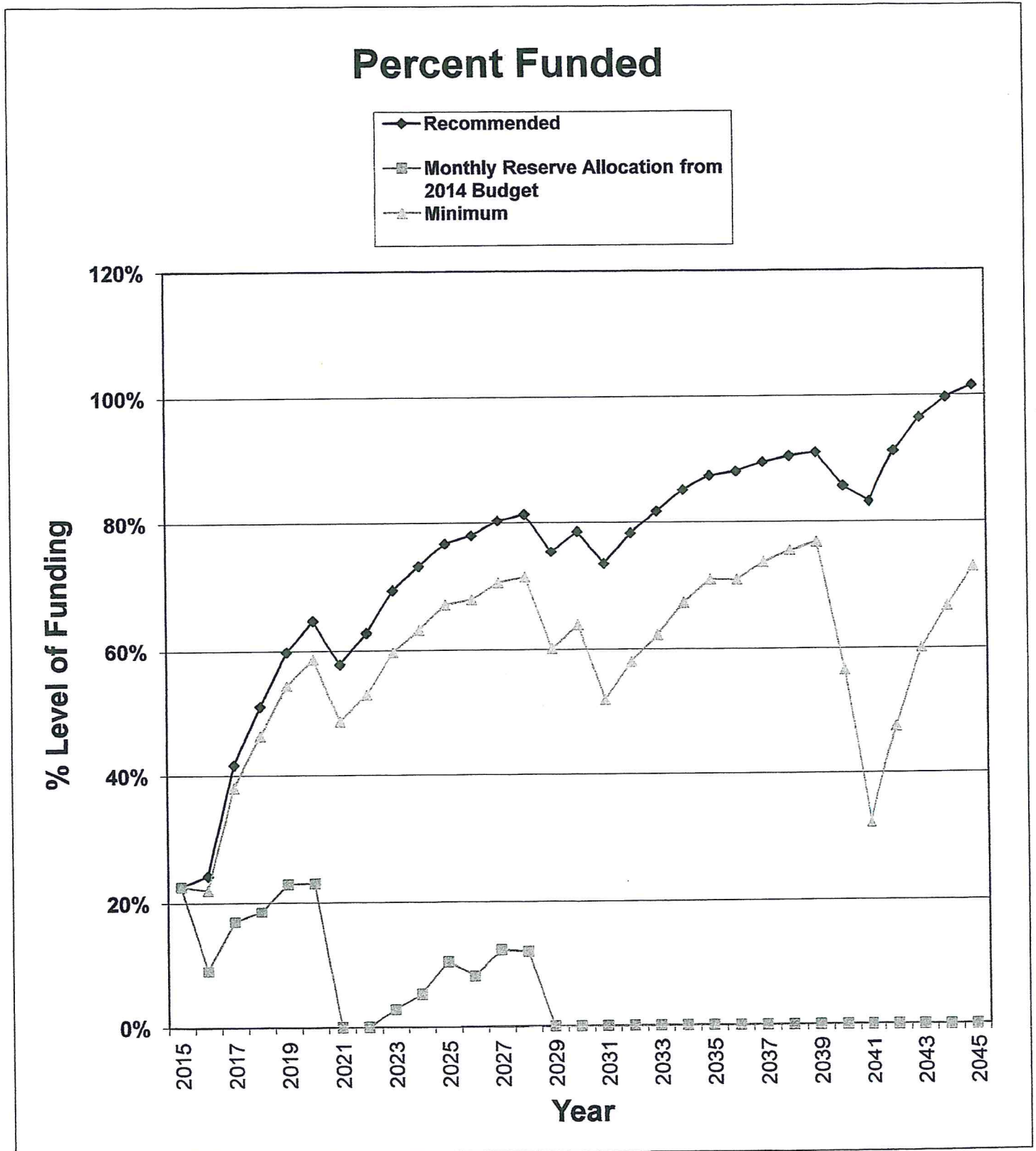
Recommendations for 2015 Fiscal Year

Monthly Reserve Allocation	\$7,950
Per Unit	\$81.12
Minimum Monthly Reserve Allocation	\$7,300
Per Unit	\$74.49
Primary Annual Increases	4.75%
# of Years	30
Special Assessment	\$0
Per Unit	\$0

Changes From Prior Year (2014 to 2015)

Increase/Decrease to Reserve Allocation	\$4,465
as Percentage	128%
Per Unit	\$45.56

Percent Funded Graph For Stapleton Mansion Homes Condo. Assoc.



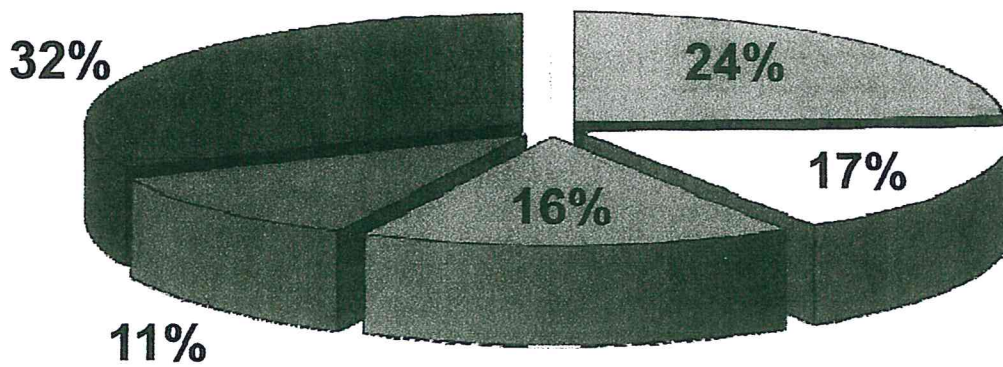
Component Inventory for Stapleton Mansion Homes

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	105	Pitched Roof - Comp Shingle - Replace	25	24	\$425,450	\$455,850
	106	Pitched Roof - Tile - Replace	25	13	\$296,450	\$336,875
	120	Raingutters/Downspouts - Replace (tile r	22	17	\$28,455	\$35,520
	120	Raingutters/Downspouts - Replace (com	20	15	\$43,290	\$49,470
Painted Surfaces	201	Building Ext. Surfaces - Repaint	10	5	\$107,800	\$132,300
	202	Building Trim - Repaint	5	0	\$36,750	\$44,100
Siding Materials	304	Cement Fiber Siding - Major Repairs	10	5	\$26,950	\$29,400
	305	Brick/Stone - Major maintenance	N/A		\$0	\$0
	308	Stucco - Repair	5	0	\$13,000	\$15,000
Drive Materials	403	Concrete - Repair/Replace	4	0	\$10,800	\$11,400
Property Access	502	Garage Doors - Replace	N/A		\$0	\$0
Decking	601	Concrete Sidewalks/Decks - Repair	4	0	\$13,230	\$14,000
Prop. Identification	803	Mailboxes - Replace	N/A		\$0	\$0
Fencing/Walls	1002	Iron/Wood Railing - Replace	30	25	\$56,000	\$64,000
	1004	Latticework - Replace	N/A		\$0	\$0
Light Fixtures	1602	Exterior Wall mount - Replace	18	6	\$45,000	\$45,000
Irrig. System	1701	Irrigation System - Rebuild	12	2	\$20,000	\$24,500
	1703	Irrigation Timeclocks - Replace	12	0	\$10,500	\$12,600
	1704	Backflow Enclosures - Replace	20	103	\$13,500	\$14,850
	1706	Backflow Devices - Replace	N/A		\$0	\$0

Significant Components For Stapleton Mansion Homes Condo. Assoc.

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Pitched Roof - Comp Shingle - Replace	25	24	\$440,650	\$17,626	23.8263%
106	Pitched Roof - Tile - Replace	25	13	\$316,663	\$12,667	17.1222%
120	Raingutters/Downspouts - Replace (comp r	20	15	\$46,380	\$2,319	3.1348%
120	Raingutters/Downspouts - Replace (tile roof	22	17	\$31,988	\$1,454	1.9654%
201	Building Ext. Surfaces - Repaint	10	5	\$120,050	\$12,005	16.2280%
202	Building Trim - Repaint	5	0	\$40,425	\$8,085	10.9291%
304	Cement Fiber Siding - Major Repairs	10	5	\$28,175	\$2,818	3.8086%
308	Stucco - Repair	5	0	\$14,000	\$2,800	3.7850%
403	Concrete - Repair/Replace	4	0	\$11,100	\$2,775	3.7512%
601	Concrete Sidewalks/Decks - Repair	4	0	\$13,615	\$3,404	4.6011%
1002	Iron/Wood Railing - Replace	30	25	\$60,000	\$2,000	2.7035%
1602	Exterior Wall mount - Replace	18	6	\$45,000	\$2,500	3.3794%
1701	Irrigation System - Rebuild	12	2	\$22,250	\$1,854	2.5064%
1703	Irrigation Timeclocks - Replace	12	0	\$11,550	\$963	1.3011%
1704	Backflow Enclosures - Replace	20	103	\$14,175	\$709	0.9581%

Significant Components Graph For Stapleton Mansion Homes Condo. Assoc.



Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Pitched Roof - Comp Shingle - Replace	25	24	\$440,650	\$17,626	24%
106	Pitched Roof - Tile - Replace	25	13	\$316,663	\$12,667	17%
201	Building Ext. Surfaces - Repaint	10	5	\$120,050	\$12,005	16%
202	Building Trim - Repaint	5	0	\$40,425	\$8,085	11%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$23,595	32%

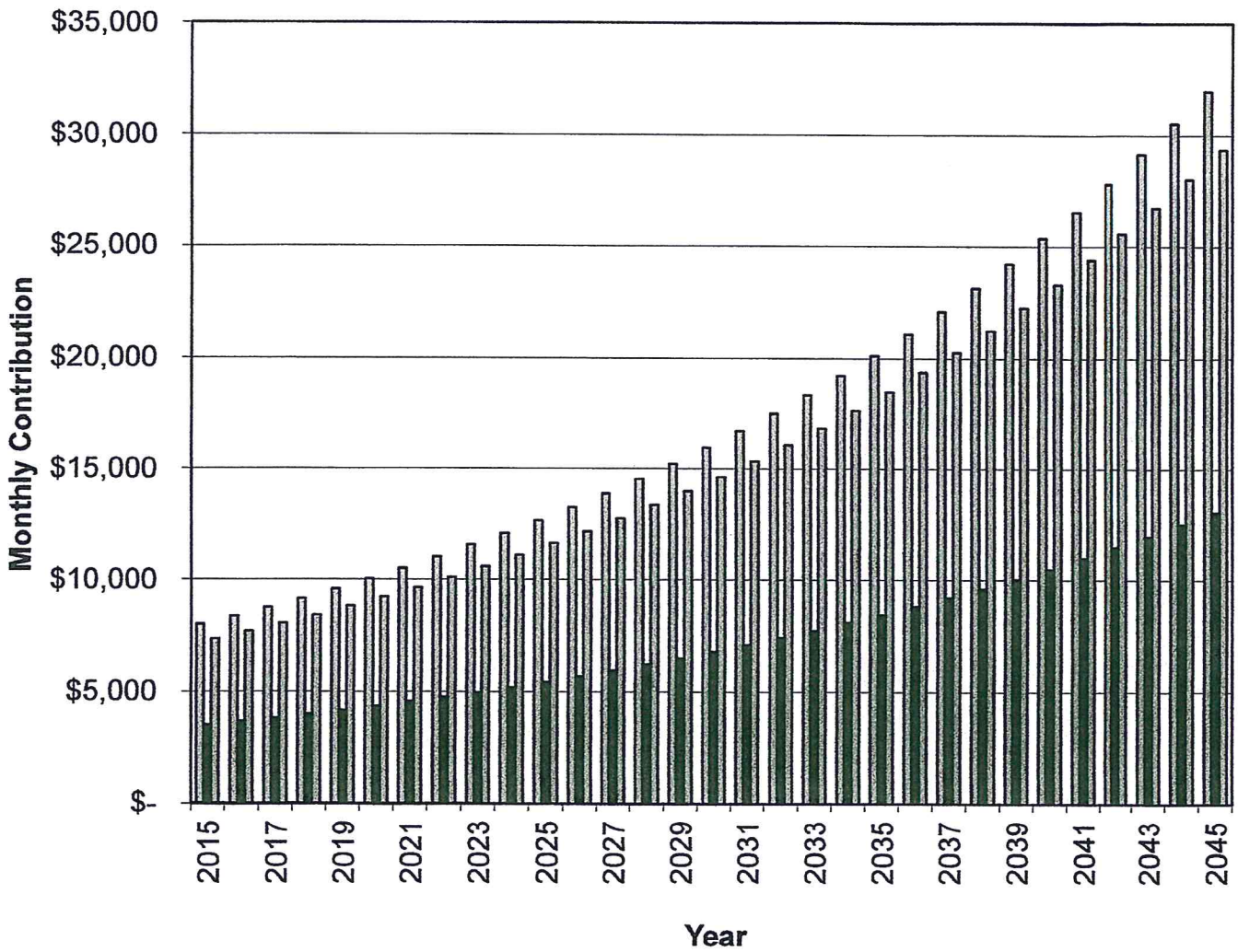
Yearly Summary For Stapleton Mansion Homes Condo. Assoc.

Fiscal Year Start	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2015	\$353,007	\$80,000	23%	\$95,400	\$0	\$827	\$90,690
2016	\$351,427	\$85,537	24%	\$99,932	\$0	\$1,361	\$0
2017	\$448,026	\$186,830	42%	\$104,678	\$0	\$2,281	\$24,298
2018	\$527,217	\$269,491	51%	\$109,650	\$0	\$3,258	\$0
2019	\$639,161	\$382,400	60%	\$114,859	\$0	\$4,270	\$29,473
2020	\$729,312	\$472,056	65%	\$120,315	\$0	\$4,078	\$252,539
2021	\$594,566	\$343,910	58%	\$126,030	\$0	\$3,794	\$58,602
2022	\$660,755	\$415,132	63%	\$132,016	\$0	\$4,834	\$0
2023	\$795,692	\$551,981	69%	\$138,287	\$0	\$6,063	\$35,147
2024	\$904,707	\$661,184	73%	\$144,855	\$0	\$7,370	\$0
2025	\$1,060,303	\$813,409	77%	\$151,736	\$0	\$8,509	\$84,520
2026	\$1,139,747	\$889,134	78%	\$158,943	\$0	\$9,731	\$0
2027	\$1,316,492	\$1,057,808	80%	\$166,493	\$0	\$11,154	\$61,501
2028	\$1,442,567	\$1,173,954	81%	\$174,402	\$0	\$9,851	\$561,188
2029	\$1,058,043	\$797,019	75%	\$182,686	\$0	\$8,717	\$41,206
2030	\$1,205,761	\$947,216	79%	\$191,363	\$0	\$8,056	\$481,943
2031	\$905,999	\$664,692	73%	\$200,453	\$0	\$7,433	\$49,983
2032	\$1,050,878	\$822,596	78%	\$209,975	\$0	\$8,979	\$67,602
2033	\$1,190,901	\$973,948	82%	\$219,948	\$0	\$10,889	\$0
2034	\$1,415,220	\$1,204,785	85%	\$230,396	\$0	\$13,261	\$0
2035	\$1,657,317	\$1,448,442	87%	\$241,340	\$0	\$14,805	\$190,863
2036	\$1,718,885	\$1,513,723	88%	\$252,803	\$0	\$16,477	\$0
2037	\$1,991,065	\$1,783,003	90%	\$264,812	\$0	\$19,242	\$0
2038	\$2,284,260	\$2,067,057	90%	\$277,390	\$0	\$22,159	\$0
2039	\$2,599,811	\$2,366,606	91%	\$290,566	\$0	\$17,695	\$1,501,035
2040	\$1,370,554	\$1,173,832	86%	\$304,368	\$0	\$9,356	\$789,377
2041	\$839,669	\$698,179	83%	\$318,826	\$0	\$8,264	\$69,880
2042	\$1,047,223	\$955,389	91%	\$333,970	\$0	\$11,275	\$0
2043	\$1,348,067	\$1,300,634	96%	\$349,833	\$0	\$14,398	\$84,765
2044	\$1,585,287	\$1,580,100	100%	\$366,450	\$0	\$17,714	\$0

Reserve Contributions For Stapleton Mansion Homes Condo. Assoc.

Reserve Contributions

□ Recommended ■ Current □ Minimum



Component Funding Information For Stapleton Mansion Homes Condo. Assn

ID	Component Name	Ave Current Cost	Ideal Balance	Current Fund Balance	Monthly
105	Pitched Roof - Comp Shingle - Replace	\$440,650	\$17,626	\$0	\$1,894.19
106	Pitched Roof - Tile - Replace	\$316,663	\$151,998	\$0	\$1,361.21
120	Raingutters/Downspouts - Replace (comp roofs)	\$46,380	\$11,595	\$0	\$249.21
120	Raingutters/Downspouts - Replace (tile roofs)	\$31,988	\$7,270	\$0	\$156.25
201	Building Ext. Surfaces - Repaint	\$120,050	\$60,025	\$0	\$1,290.12
202	Building Trim - Repaint	\$40,425	\$40,425	\$40,425	\$868.86
304	Cement Fiber Siding - Major Repairs	\$28,175	\$14,088	\$0	\$302.78
308	Stucco - Repair	\$14,000	\$14,000	\$14,000	\$300.90
403	Concrete - Repair/Replace	\$11,100	\$11,100	\$11,100	\$298.22
601	Concrete Sidewalks/Decks - Repair	\$13,615	\$13,615	\$13,615	\$365.79
1002	Iron/Wood Railing - Replace	\$60,000	\$10,000	\$0	\$214.93
1602	Exterior Wall mount - Replace	\$45,000	\$30,000	\$0	\$268.66
1701	Irrigation System - Rebuild	\$22,250	\$18,542	\$0	\$199.26
1703	Irrigation Timeclocks - Replace	\$11,550	\$11,550	\$860	\$103.44
1704	Backflow Enclosures - Replace	\$14,175	\$0	\$0	\$76.17

Yearly Cash Flow For Stapleton Mansion Homes Condo. Assoc.

Year	2015	2016	2017	2018	2019
Starting Balance	\$80,000	\$85,537	\$186,830	\$269,491	\$382,400
<i>Reserve Income</i>	\$95,400	\$99,932	\$104,678	\$109,650	\$114,859
<i>Interest Earnings</i>	\$827	\$1,361	\$2,281	\$3,258	\$4,270
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$176,227	\$186,830	\$293,789	\$382,400	\$501,529
Reserve Expenditures	\$90,690	\$0	\$24,298	\$0	\$29,473
Ending Balance	\$85,537	\$186,830	\$269,491	\$382,400	\$472,056

Year	2020	2021	2022	2023	2024
Starting Balance	\$472,056	\$343,910	\$415,132	\$551,981	\$661,184
<i>Reserve Income</i>	\$120,315	\$126,030	\$132,016	\$138,287	\$144,855
<i>Interest Earnings</i>	\$4,078	\$3,794	\$4,834	\$6,063	\$7,370
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$596,449	\$473,733	\$551,981	\$696,331	\$813,409
Reserve Expenditures	\$252,539	\$58,602	\$0	\$35,147	\$0
Ending Balance	\$343,910	\$415,132	\$551,981	\$661,184	\$813,409

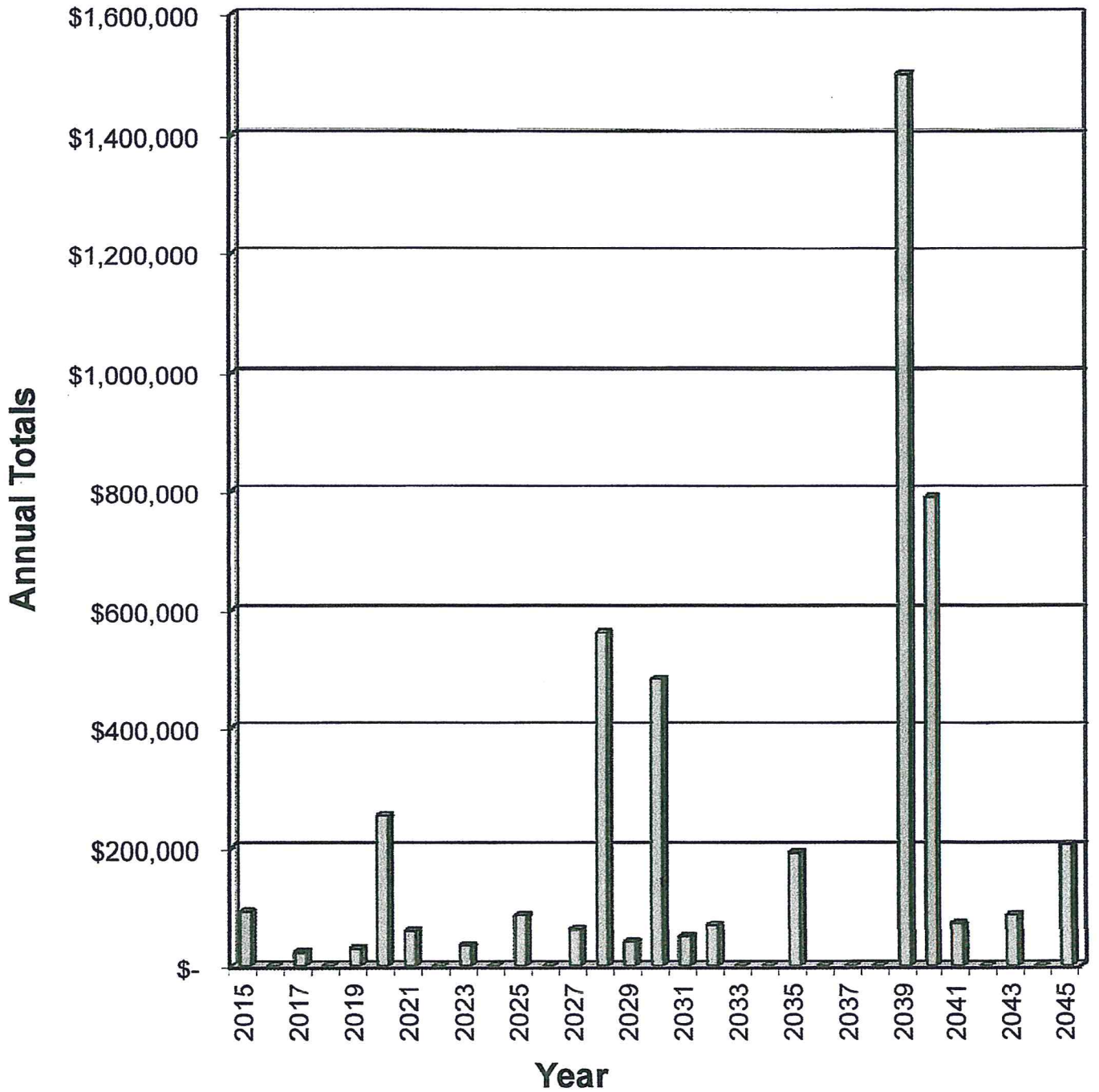
Year	2025	2026	2027	2028	2029
Starting Balance	\$813,409	\$889,134	\$1,057,808	\$1,173,954	\$797,019
<i>Reserve Income</i>	\$151,736	\$158,943	\$166,493	\$174,402	\$182,686
<i>Interest Earnings</i>	\$8,509	\$9,731	\$11,154	\$9,851	\$8,717
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$973,654	\$1,057,808	\$1,235,455	\$1,358,207	\$988,422
Reserve Expenditures	\$84,520	\$0	\$61,501	\$561,188	\$41,206
Ending Balance	\$889,134	\$1,057,808	\$1,173,954	\$797,019	\$947,216

Year	2030	2031	2032	2033	2034
Starting Balance	\$947,216	\$664,692	\$822,596	\$973,948	\$1,204,785
<i>Reserve Income</i>	\$191,363	\$200,453	\$209,975	\$219,948	\$230,396
<i>Interest Earnings</i>	\$8,056	\$7,433	\$8,979	\$10,889	\$13,261
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,146,636	\$872,579	\$1,041,549	\$1,204,785	\$1,448,442
Reserve Expenditures	\$481,943	\$49,983	\$67,602	\$0	\$0
Ending Balance	\$664,692	\$822,596	\$973,948	\$1,204,785	\$1,448,442

Year	2035	2036	2037	2038	2039
Starting Balance	\$1,448,442	\$1,513,723	\$1,783,003	\$2,067,057	\$2,366,606
<i>Reserve Income</i>	\$241,340	\$252,803	\$264,812	\$277,390	\$290,566
<i>Interest Earnings</i>	\$14,805	\$16,477	\$19,242	\$22,159	\$17,695
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,704,586	\$1,783,003	\$2,067,057	\$2,366,606	\$2,674,867
Reserve Expenditures	\$190,863	\$0	\$0	\$0	\$1,501,035
Ending Balance	\$1,513,723	\$1,783,003	\$2,067,057	\$2,366,606	\$1,173,832

Year	2040	2041	2042	2043	2044
Starting Balance	\$1,173,832	\$698,179	\$955,389	\$1,300,634	\$1,580,100
<i>Reserve Income</i>	\$304,368	\$318,826	\$333,970	\$349,833	\$366,450
<i>Interest Earnings</i>	\$9,356	\$8,264	\$11,275	\$14,398	\$17,714
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,487,556	\$1,025,269	\$1,300,634	\$1,664,865	\$1,964,265
Reserve Expenditures	\$789,377	\$69,880	\$0	\$84,765	\$0
Ending Balance	\$698,179	\$955,389	\$1,300,634	\$1,580,100	\$1,964,265

Reserve Expenditures



Projected Reserve Expenditures For Stapleton Mansion Homes Condo. Assoc.

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2015	202	Building Trim - Repaint	\$40,425	
	308	Stucco - Repair	\$14,000	
	403	Concrete - Repair/Replace	\$11,100	
	601	Concrete Sidewalks/Decks - Repair	\$13,615	
	1703	Irrigation Timeclocks - Replace	\$11,550	\$90,690
2016		No Expenditures Projected		\$0
2017	1701	Irrigation System - Rebuild	\$24,298	\$24,298
2018		No Expenditures Projected		\$0
2019	403	Concrete - Repair/Replace	\$13,237	
	601	Concrete Sidewalks/Decks - Repair	\$16,236	\$29,473
2020	201	Building Ext. Surfaces - Repaint	\$149,604	
	202	Building Trim - Repaint	\$50,377	
	304	Cement Fiber Siding - Major Repairs	\$35,111	
	308	Stucco - Repair	\$17,447	\$252,539
2021	1602	Exterior Wall mount - Replace	\$58,602	\$58,602
2022		No Expenditures Projected		\$0
2023	403	Concrete - Repair/Replace	\$15,785	
	601	Concrete Sidewalks/Decks - Repair	\$19,362	\$35,147
2024		No Expenditures Projected		\$0
2025	202	Building Trim - Repaint	\$62,779	
	308	Stucco - Repair	\$21,742	\$84,520
2026		No Expenditures Projected		\$0
2027	403	Concrete - Repair/Replace	\$18,824	
	601	Concrete Sidewalks/Decks - Repair	\$23,089	
	1703	Irrigation Timeclocks - Replace	\$19,587	\$61,501
2028	106	Pitched Roof - Tile - Replace	\$561,188	\$561,188
2029	1701	Irrigation System - Rebuild	\$41,206	\$41,206
2030	120	Raingutters/Downspouts - Replace (comp roof	\$89,758	
	201	Building Ext. Surfaces - Repaint	\$232,331	
	202	Building Trim - Repaint	\$78,234	
	304	Cement Fiber Siding - Major Repairs	\$54,527	
	308	Stucco - Repair	\$27,094	\$481,943
2031	403	Concrete - Repair/Replace	\$22,448	
	601	Concrete Sidewalks/Decks - Repair	\$27,535	\$49,983
2032	120	Raingutters/Downspouts - Replace (tile roofs)	\$67,602	\$67,602
2033		No Expenditures Projected		\$0
2034		No Expenditures Projected		\$0
2035	202	Building Trim - Repaint	\$97,494	
	308	Stucco - Repair	\$33,764	
	403	Concrete - Repair/Replace	\$26,770	
	601	Concrete Sidewalks/Decks - Repair	\$32,835	\$190,863
2036		No Expenditures Projected		\$0
2037		No Expenditures Projected		\$0
2038		No Expenditures Projected		\$0
2039	105	Pitched Roof - Comp Shingle - Replace	\$1,267,315	
	403	Concrete - Repair/Replace	\$31,924	
	601	Concrete Sidewalks/Decks - Repair	\$39,157	
	1602	Exterior Wall mount - Replace	\$129,421	
	1703	Irrigation Timeclocks - Replace	\$33,218	\$1,501,035
2040	201	Building Ext. Surfaces - Repaint	\$360,802	
	202	Building Trim - Repaint	\$121,495	
	304	Cement Fiber Siding - Major Repairs	\$84,678	
	308	Stucco - Repair	\$42,076	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	1002	Iron/Wood Railing - Replace	\$180,326	\$789,377
2041	1701	Irrigation System - Rebuild	\$69,880	\$69,880
2042		No Expenditures Projected		\$0
2043	403	Concrete - Repair/Replace	\$38,070	
	601	Concrete Sidewalks/Decks - Repair	\$46,695	\$84,765
2044		No Expenditures Projected		\$0
2045	202	Building Trim - Repaint	\$151,404	
	308	Stucco - Repair	\$52,434	\$203,839

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.

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.