Stapleton Mansion Homes

Syracuse Street & 26th Avenue
Denver, CO 80238

Level 2 Reserve Analysis

Report Period – 01/01/13 – 12/31/13

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

Draft Report

Date of Property Observation - July 17, 2012
Project Manager - Matthew Woytek
Main Contact Person - Mr. Bill Caniglia, Board of Directors

Report was prepared on - Monday, July 30, 2012

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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 Stapleton Mansion Homes - Assoc. ID # - 04036-13

Projected Starting Balance as of January 1, 2013 -	**$26,176**
Ideal Reserve Balance as of January 1, 2013 -	**$457,151**
Percent Funded as of January 1, 2013 -	**6%**
Recommended Reserve Allocation (per month) -	**$7,950**
Minimum Reserve Allocation (per month) -	**$7,700**
Recommended Special Assessment -	**$0**

This report is an update to an existing Reserve Study that was prepared for the association 8 years ago for the 2005 fiscal period. An observation of the property's common area elements took place on July 17, 2012 to verify the information from the previous report. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representative. 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 10 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 repainting the buildings, along with an extensive reconstruction project completed in 2010/11. Please refer to pages 11 and 12 of the Financial Analysis for a detailed listing of when projects are programmed to be addressed.

In comparing the projected balance of $26,176 versus the ideal Reserve Balance of $457,151, we find the association Reserve fund to be in a poor financial position (approximately 6% funded of ideal) at this time. Associations in this position are typically susceptible to Special Assessments or deferred maintenance, which can lead to lower property values. Based on the information contained within this report, we find the current budgeted Reserve allocation to be less than adequate in funding the Reserve fund for the 2013 fiscal year. Therefore, in order to avoid Special Assessments and deferred maintenance, we suggest increasing the Reserve contribution to $7,950 per month (representing an increase of $58.80 per unit), followed by nominal annual increases of 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 that we have also suggested a minimum Reserve contribution of $7,700 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where Special Assessments, deferred maintenance, and lower property values are possible at some point in the future.

The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period. This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (approximately $2.55 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 extremely minimal, and based on the risk, we strongly suggest the recommended Reserve Allocation is followed.

Comp #: 105 Pitched Roof - Comp Shingle - Replace

Observations:

Comp shingle roofs appeared in good to fair condition at time of observation with only minor loss of surface granules apparent. This roof appears to be a "30-year" rated shingle. Despite this rating, replacement typically needs to occur within 15 - 20 years due to weather elements such as hail, wind, and temperature fluctuations. Reserve funding includes complete tear off and replacement.

Location: **Some building roofs (general notes)**

Quantity: **Approx. 1,013 squares**

Life Expectancy: **20** *Remaining Life:* **10**

Best Cost: **$329,225**

$325/square; Estimate to remove and replace

Worst Cost: **$354,550**

$150/square; Higher estimate for better quality

Source of Information: Cost database

General Notes:

Building 1 -
7511,7521,7531,7541,2604,2614 - 96 squares
Building 3 -
7611,7621,7631,7641 - 64 squares
Building 5 -
2576,2578,2588,2598,7700,7702 - 103 squares
Building 7 -
2508,2518,2528,2538,7703,7705 - 96 squares
Building 9 -
2436,2438,2446,2448,2456,2458 - 96 squares
Building 10 -
2408,2418,2426,2428,7707,7717 - 103 squares
Building 13 -
2828,2830,2838,2840,8108,8118 - 96 squares
Building 14 -
2808,2810,2818,2820,8105,8115 - 96 squares
Building 15 -
2875,2877,2885,2887,8080,8090 - 103 squares
Building 16 -
2857,2867,8089,8099 - 64 squares
Building 18 -
2807,2809,2817,2819,8085,8095 - 96 squares

Comp #: 106 Pitched Roof - Tile - Replace

Observations:

Unable to access roofs due to the height of roof. While the tiles act as the primary water barrier from intrusion into the building, the underlayment (usually a 40 lb felt fabric) also is very important in protecting the building from water intrusion. This underlayment will typically require replacement every 20 - 25 years in this environment. Replacement of underlayment involves removal of roof tiles, replacing the underlayment and reapplying the tiles. Some broken tiles are inevitable as the labor involves moving the tiles. Reserve to replace the underlayment and replace some tiles every 22 years based on industry standards in this environment.

Location: **Some building roofs (general notes)**

Quantity: **Approx. 539 squares**

Life Expectancy: **22** *Remaining Life:* **12**

Best Cost: **$269,500**

$500/square; Estimate to replace underlayment

Worst Cost: **$323,400**

Higher estimate for more tile replacement

Source of Information: Cost database

General Notes:

Building 2 -
7551,7561,7571,7581 - 65 squares
Building 4 -
2607,2617,7651,7661,7671,7681 - 86 squares
Building 6 -
2548,2558,2566,2568 - 65 squares
Building 8 -
2466,2468,2488,2498,7702,7704 - 86 squares
Building 11 -
2870,2878,2880,2888,8100,8102 - 86 squares
Building 12 -
2858,2868,8109,8119 - 65 squares
Building 17 -
2827,2829,2837,2839,8088,8098 - 86 squares

Comp #: 120 Raingutters/Downspouts - Replace (tile roofs)

Observations:

These raingutters and downspouts are new and no unusual conditions were observed during inspection. Average life expectancy ranges from 20 - 25 years. It is typical to replace raingutters and downspouts at the same time as roof materials, however, the rain gutters were reported to have been replaced in 2010/11 during a reconstruction project. Therefore, Reserve to replace in approximately 27 years. It is also important to clean lines at least once a year to ensure proper drainage and prevent clogging.

Location: **Perimeter of roofs with tile**

Quantity: **Approx. 5,420 LF**

Life Expectancy: **22** *Remaining Life:* **19**

Best Cost: **$28,455**

$5.25/LF; Estimate to replace

Worst Cost: **$35,520**

$6.00/LF: Higher estimate for larger lines

Source of Information: Cost database

General Notes:

Building 2 -
7551,7561,7571,7581 - 680 LF
Building 4 -
2607,2617,7651,7661,7671,7681 - 840 LF
Building 6 -
2548,2558,2566,2568 - 680 LF
Building 8 -
2466,2468,2488,2498,7702,7704 - 860 LF
Building 11 -
2870,2878,2880,2888,8100,8102 - 840 LF
Building 12 -
2858,2868,8109,8119 - 680 LF
Building 17 -
2827,2829,2837,2839,8088,8098 - 840 LF

Comp #: 120 Raingutters/Downspouts - Replace (comp roofs)

Observations:

These raingutters and downspouts are new and no unusual conditions were observed during inspection. Average life expectancy ranges from 20 - 25 years. It is typical to replace raingutters and downspouts at the same time as roof materials, however, the rain gutters were reported to have been replaced in 2010/11 during a reconstruction project. Therefore, Reserve to replace in approximately 17 years. It is also important to clean lines at least once a year to ensure proper drainage and prevent clogging.

Location: **Perimeter of roofs**

Quantity: **Approx. 8,245 LF**

Life Expectancy: **20** *Remaining Life:* **17**

Best Cost: **$43,290**

$5.25/LF; Estimate to replace

Worst Cost: **$49,470**

$6.00/LF: Higher estimate for larger lines

Source of Information: Cost database

General Notes:

Building 1 -
7511,7521,7531,7541,2604,2614 - 675 LF
Building 3 -
7611,7621,7631,7641 - 560 LF
Building 5 -
2576,2578,2588,2598,7700,7702 - 725 LF
Building 7 -
2508,2518,2528,2538,7703,7705 - 840 LF
Building 9 -
2436,2438,2446,2448,2456,2458 - 960 LF
Building 10 -
2408,2418,2426,2428,7707,7717 - 725 LF
Building 13 -
2828,2830,2838,2840,8108,8118 - 840 LF
Building 14 -
2808,2810,2818,2820,8105,8115 - 960 LF
Building 15 -
2875,2877,2885,2887,8080,8090 - 725 LF
Building 16 -
2857,2867,8089,8099 - 560 LF
Building 18 -
2807,2809,2817,2819,8085,8095 - 675 LF

Comp #: 201 Building Ext. Surfaces - Repaint

Observations:

It was reported that the unit buildings were repainted as a part of reconstruction projects in 2010/11 and are in very good condition at time of observation. It is recommended that the fiber cement product is painted every 8 - 10 years due to the type of material. While stucco has a long life expectancy, it is recommended that a new coating is applied every 10 - 12 years to maintain the appearance. Since both surfaces average a painting cycle of 10 years, we recommend painting or reapplying approximately every 10 years. Painting should coordinate with trim for best cost estimate.

Location: **Stucco, fiber cement siding, etc.**

Quantity: **(98) Units**

Life Expectancy: **10** *Remaining Life:* **7**

Best Cost: **$107,800**

$1100/unit; Estimate to repaint

Worst Cost: **$132,300**

$1350/unit; Higher estimate

Source of Information: Ciost database

General Notes:

Comp #: 202 Building Trim - Repaint

Observations:

It was reported that the trim was repainted as part of a reconstruction project in 2010/11 and appeared in good to fair condition at time of observation. Majority of front doors are covered and well protected from direct exposure to elements. With new communities, it is expected to repaint a couple years within completion of construction. This is typical since most new construction is painted with only one coat of paint. The paint materials absorb into the wood, causing a thin coat that will be subject to fading and deterioration sooner than normal. Once a new coat of paint is applied, a typical repainting cycle of 4 - 5 years can be expected. Painting cycle should coordinate with siding for best cost estimate.

Location: **Facia, building trim, iron railings**

Quantity: **(98) Units**

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

Best Cost: **$31,850**

$325/unit; Estimate to repaint

Worst Cost: **$39,200**

$400/unit; Higher estimate for more prep work

Source of Information: Cost database

General Notes:

Comp #: 304 Cement Fiber Siding - Major Repairs

Observations:

This community is a relatively young community and therefore, the siding is in very good condition with no overt signs of damage or deterioration at the time of our observation. However, as the community ages, frequent high winds, hail, driving rain, and the freeze thaw cycle will eventually start to damage the fiber cement. Therefore, we recommend reserving for major repairs every paint cycle in order to avoid complete replacement of the siding in the future. This reserve designation is for repairs that lie outside the scope of routine paint prep operations.

Location: **Siding materials on some buildings**

Quantity: **(98) Units**

Life Expectancy: **10** *Remaining Life:* **7**

Best Cost: **$24,500**

$250/unit; Allowance for major repairs

Worst Cost: **$27,440**

$280/unit; Higher allowance for more repairs

Source of Information: Cost database

General Notes:

Addresses -
7511, 7521, 7531, 7541, 2604, and 2614 - 4500 GSF
2807, 2809, 8085, 8095, 2817, and 2819 - 4500 GSF
7631, 7611, 7641, 7621 - 6300 GSF
2858, 2868, 8119, 8109 - 6300 GSF
7703, 7705, 2538, 2528, 2508, 2518 - 7700 GSF
2458, 2456, 2448, 2446, 2436, 2438 - 7700 GSF
2820, 2818, 2810, 2808, 8115, 8105 - 7700 GSF

Total - 44,700 GSF

Comp #: 305 Brick/Stone - Replace

Observations:

No unusual conditions of loose bricks or stones noted at time of observation. As long as the materials were installed properly, they should have an extended life expectancy and replacement is not likely. Therefore, no reserve funding is required for this component at this time.

Location: **Siding materials on some buildings**

Quantity: **Approx. 10,200 GSF**

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

Best Cost: **$0**

Worst Cost: **$0**

Source of Information:

General Notes:

Brick:
Addresses -
7511, 7521, 7531, 7541, 2604, and 2614 - 2760 GSF
2807, 2809, 8085, 8095, 2817, and 2819 - 2760 GSF

Stone:
Addresses -
2588, 2598, 7700, 7702, 2576, 2578 - 1170 GSF
2428, 2426, 2408, 2418, 7717, 7707 - 1170 GSF
2829, 2827, 2837, 2839, 8088, 8098 - 1170 GSF
2875, 2877, 2885, 2887, 8080, 8090 - 1170 GSF

Comp #: 308 Stucco - Repair

Observations:

As part of a reconstruction project, stucco surfaces on nearly every building (with stucco) was repaired and brought up to satisfactory levels. All surfaces are in good condition with only minimal hairline cracking observed (typical). While stucco surfaces have a long life expectancy, it is recommended by industry professionals that it is inspected and any voids are repaired every 5 years to prevent water intrusion into substrate. It is also recommended that a new coating is applied every 10 - 15 years to maintain an appropriate appearance (see component #201). Over a period of time, minor cracks and voids will develop that will require repairing.

Location: **Siding materials on some buildings**

Quantity: **Approx. 68,550 GSF**

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

Best Cost: **$11,500**

Estimate for a general inspection and repairs

Worst Cost: **$13,500**

Higher estimate for more repairs

Source of Information: Cost database

General Notes:

Addresses -
7561, 7551, 7571, 7581 - 6040 GSF
2548, 2558, 2566, 2568 - 6040 GSF
7651, 7661, 7671, 7681, 2617, 2607 - 7560 GSF
2880, 2888, 8102, 8100, 2870, 2878 - 7560 GSF
7704, 7702, 2488, 2498, 2466, 2468 - 7680 GSF
8118, 8108, 2830, 2828, 2838, 2840 - 7560 GSF
2588, 2598, 7700, 7702, 2576, 2578 - 6530 GSF
2428, 2426, 2408, 2418, 7717, 7707 - 6530 GSF
2829, 2827, 2837, 2839, 8088, 8098 - 6530 GSF
2875, 2877, 2885, 2887, 8080, 8090 - 6530 GSF

Comp #: 403 Concrete - Repair/Replace

Observations:

Majority of concrete surfaces are in good condition with some minor spalling and hairline cracks. Concrete is subject to deterioration in this climate due to freeze/thaw conditions and soil expansion. While we do not expect all concrete surfaces to require replacement at the same time, we do anticipate periodic repairs to approximately 10% of area (1200 GSF) every 4 years.

Location: **Individual driveways**

Quantity: **Approx. 12,000 GSF**

Life Expectancy: **4** *Remaining Life:* **2**

Best Cost: **$10,800**

Allowance to repair 10% of area every 4 years

Worst Cost: **$11,400**

Higher allowance for more repairs

Source of Information: Cost database

General Notes:

Addresses -
7511, 7521, 7531, 7541, 2604, and 2614 - 620 GSF
2807, 2809, 8085, 8095, 2817, and 2819 - 620 GSF
7561, 7551, 7571, 7581 - 420 GSF
2548, 2558, 2566, 2568 - 420 GSF
7631, 7611, 7641, 7621 - 420 GSF
2858, 2868, 8119, 8109 - 420 GSF
7651, 7661, 7671, 7681, 2617, 2607 - 580 GSF
2880, 2888, 8102, 8100, 2870, 2878 - 580 GSF
7704, 7702, 2488, 2498, 2466, 2468 - 580 GSF
8118, 8108, 2830, 2828, 2838, 2840 - 580 GSF
2588, 2598, 7700, 7702, 2576, 2578 - 960 GSF
2428, 2426, 2408, 2418, 7717, 7707 - 960 GSF
2829, 2827, 2837, 2839, 8088, 8098 - 960 GSF
2875, 2877, 2885, 2887, 8080, 8090 - 960 GSF
7703, 7705, 2538, 2528, 2508, 2518 - 960 GSF
2458, 2456, 2448, 2446, 2436, 2438 - 960 GSF
2820, 2818, 2810, 2808, 8115, 8105 - 960 GSF
Alleyways - 24,850 GSF city of Denver responsibility - not HOA)

Comp #: 502 Garage Doors - Replace

Observations:

It was reported by client at time of observation (2012) that the garage doors are the responsibility of the individual homeowner. The association will paint the garage doors during normal paint cycles (see component #201) but the repair and/or replacement is up to the homeowner. No reserve funding recommended for garage door replacement.

Location: **At each garage**

Quantity: **(36) 16x7, (62) 8x7**

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

Best Cost: **$0**

Worst Cost: **$0**

Source of Information:

General Notes:

Comp #: 601 Concrete Sidewalks/Decks - Repair

Observations:

During a reconstruction project recently completed, many areas of new concrete were installed and in very good condition. However, areas of minor spalling and some cracking in the older concrete was apparent. Similar to concrete driveways, it is highly unlikely that all concrete surfaces will fail at the same time and need replacement. Therefore, we recommend establishing a Reserve fund for periodic repairs to approximately 10% of area (1470 GSF) to the sidewalks every 4 years. Coordinate repairs with driveways for best cost estimate.

Location: **Unit sidewalks**

Quantity: **Approx. 14,700 GSF**

Life Expectancy: **4** *Remaining Life:* **2**

Best Cost: **$13,230**

Allowance to repair10% of area every 4 years

Worst Cost: **$13,965**

Higher allowance for more repairs

Source of Information: Cost database

General Notes:

Addresses -
7511, 7521, 7531, 7541, 2604, and 2614 - 1120 GSF
2807, 2809, 8085, 8095, 2817, and 2819 - 1120 GSF
7561, 7551, 7571, 7581 - 700 GSF
2548, 2558, 2566, 2568 - 700 GSF
7631, 7611, 7641, 7621 - 450 GSF
2858, 2868, 8119, 8109 - 450 GSF
7651, 7661, 7671, 7681, 2617, 2607 - 1000 GSF
2880, 2888, 8102, 8100, 2870, 2878 - 1000 GSF
7704, 7702, 2488, 2498, 2466, 2468 - 1040 GSF
8118, 8108, 2830, 2828, 2838, 2840 - 1000 GSF
2588, 2598, 7700, 7702, 2576, 2578 - 920 GSF
2428, 2426, 2408, 2418, 7717, 7707 - 920 GSF
2829, 2827, 2837, 2839, 8088, 8098 - 920 GSF
2875, 2877, 2885, 2887, 8080, 8090 - 920 GSF
7703, 7705, 2538, 2528, 2508, 2518 - 810 GSF
2458, 2456, 2448, 2446, 2436, 2438 - 810 GSF
2820, 2818, 2810, 2808, 8115, 8105 - 810 GSF

Comp #: 803 Mailboxes - Replace

Observations:

These are the responsibility of the US Post Office and not the association. However, the Post Office will not typically paint or maintain the bases of the cluster boxes, the bases are rusting badly and have become an eyesore. We recommend painting the bases as needed using operating funds in order to maximize the life expectancy of the units as well as provide an appropriate appearance for the community. No Reserve funding is required for this component.

Location: **Along main streets**

Quantity: **(10) Assorted CBU's**

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

Best Cost: **$0**

Worst Cost: **$0**

Source of Information:

General Notes:

12 box CBU - 6
8 box CBU - 4

Comp #: 1002 Iron/Wood Railing - Replace

Observations:

During the recent reconstruction project, many of the rails around decks and along paths of egress were either refurbished or replaced and appeared in very good condition with no rusting, warping or other issues noted or reported. With proper maintenance cycles of painting every 2 - 3 years (see component #202), the life expectancy of these surfaces should range from 25 - 30 years. Majority of the surfaces are not exposed to irrigation spray and constant moisture, so the maximum useful life should be attained.

Location: **Balconies, entrances to units**

Quantity: **Approx. 1,600 LF**

Life Expectancy: **30** *Remaining Life:* **27**

Best Cost: **$56,000**

$35/LF; Estimate to replace

Worst Cost: **$64,000**

$40/LF: Higher estimate

Source of Information: Cost database

General Notes:

Addresses -
7511, 7521, 7531, 7541, 2604, and 2614 - 85 LF
2807, 2809, 8085, 8095, 2817, and 2819 - 85 LF
7561, 7551, 7571, 7581 - 95 LF
2548, 2558, 2566, 2568 - 95 LF
7631, 7611, 7641, 7621 - 145 LF
2858, 2868, 8119, 8109 - 145 LF
7651, 7661, 7671, 7681, 2617, 2607 - 60 LF
2880, 2888, 8102, 8100, 2870, 2878 - 60 LF
7704, 7702, 2488, 2498, 2466, 2468 - 60 LF
8118, 8108, 2830, 2828, 2838, 2840 - 80 LF
2588, 2598, 7700, 7702, 2576, 2578 - 95 LF
2428, 2426, 2408, 2418, 7717, 7707 - 95 LF
2829, 2827, 2837, 2839, 8088, 8098 - 95 LF
2875, 2877, 2885, 2887, 8080, 8090 - 95 LF
7703, 7705, 2538, 2528, 2508, 2518 - 105 LF
2458, 2456, 2448, 2446, 2436, 2438 - 105 LF
2820, 2818, 2810, 2808, 8115, 8105 - 105 LF

Comp #: 1004 Latticework - Replace

Observations:

Each building has a small fence to hide the utility area on the sides of the buildings. Due to small areas on each building (10' each building), we suggest replacing and staining these fences on an as needed basis with operating funds. Therefore, no Reserve funding is required for this component.

Location: **Covers utility area**

Quantity: **Approx. 180 LF**

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

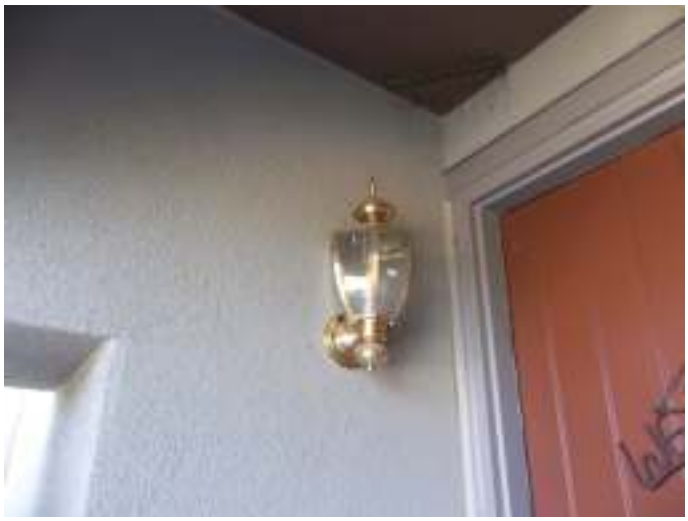
Best Cost: **$0**

Worst Cost: **$0**

Source of Information:

General Notes:

Comp #: 1602 Exterior Wall mount - Replace



Observations:

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

Location: **Garages, front porches, decks**

Quantity: **Approx. 300 lights**

Life Expectancy: **18** *Remaining Life:* **8**

Best Cost: **$37,500**

$125/light; Estimate to replace

Worst Cost: **$45,000**

$150/light; Higher estimate for better quality

Source of Information: Cost database

General Notes:

Comp #: 1701 Irrigation System - Rebuild

Picture Unavailable

Picture Unavailable

Observations:

As the system ages, it becomes increasingly likely that the shrub, tree and plant roots will begin to impinge on the system's lateral lines causing major damage to the system. Therefore, we recommend reserving for major repairs to the system approximately every 10 - 12 years. The reserve designation on this line item is for repairs that lie outside the scope of routine maintenance such as; repairing or replacing lateral lines, bulk replacement of sprinkler heads, major wiring repairs, re-routing lateral lines, etc. These repairs can be very costly and local professionals recommend planning progressively for major work as opposed to reacting to an emergency which will cause costs to increase significantly. Continue to maintain annually while reserving for major repairs every 12 years.

Location: **Front and side yards**

Quantity: **Moderate sized system**

Life Expectancy: **12** *Remaining Life:* **4**

Best Cost: **$20,000**

Allowance for major repairs

Worst Cost: **$24,500**

Higher allowance for more repairs

Source of Information: Cost database

General Notes:

Comp #: 1703 Irrigation Timeclocks - Replace

Observations:

No problems reported or noted at time of preparing this report. Under normal conditions (not including Acts of God, vandalism, etc.) these clocks should last 10 - 12 years with proper maintenance. Due to advances in technology and water efficiency, we suggest reserving to replace all clocks at the same time. A lot of communities are upgrading to ET type controllers and the costs reflect this. Remaining useful life based on average age of all clocks.

Location: **Building exterior**

Quantity: **(7) Rainbird clocks**

Life Expectancy: **12** *Remaining Life:* **2**

Best Cost: **$8,400**

$1200/clock; Estimate to replace

Worst Cost: **$10,500**

$1500/clock; Higher estimate for larger clock

Source of Information: Rainbird websiste

General Notes:

Building 7631, 7611, 7641, 7621 -
(1) Rainbird, ESP 20 LX, serial #0039265, date - Sep. 17, 2002
Building 2588, 2598, 7700, 7702, 2576, 2578 -
(1) Rainbird, ESP 24 LX plus, serial #1801558, date - June 24, 2002
Building 7704, 7702, 2488, 2498, 2466, 2468 -
(1) Rainbird, ESP 24 LX plus, serial #1831511, date - August 1, 2002
Building 2829, 2827, 2837, 2839, 8088, 8098 -
(1) Rainbird, ESP 24 LX plus, serial #1786536, date - June 7, 2002
Building 2875, 2877, 2885, 2887, 8080, 8090 -
(1) Rainbird, ESP 24 LX plus, serial #0098759, date - March 11, 2003
Building 2880, 2888, 8102, 8100, 2870, 2878 -
(1) Rainbird, ESP 24 LX plus, serial #0178810, date - May 26, 2003
Building 8118, 8108, 2830, 2828, 2838, 2840 -
(1) Rainbird, ESP 24 LX plus, serial #0211991, date - June 27, 2003

Comp #: 1704 Backflow Enclosures - Replace

Observations:

It was reported that these enclosures were installed in 2008 to protect from theft of the copper components of the devices. Although these enclosures can be replaced as needed using operating funds, we recommend reserving to replace all of them at the same time since they were all originally installed at the same time. Paint the enclosures as needed using operating funds while reserving to replace all enclosures every 20 years.

Location: **Fronts of buildings**

Quantity: **(18) coated steel enclosures**

Life Expectancy: **20** *Remaining Life:* **15**

Best Cost: **$13,500**

$750/enclosure; Estimate to replace

Worst Cost: **$14,850**

$825/enclosure; Higher estimate for more labor

Source of Information: Cost database

General Notes:

Comp #: 1706 Backflow Devices - Replace

Observations:

Since property is relatively new, assume all devices comply with code requirements. There were no unusual conditions observed with devices at time of inspection. It is difficult to predict a life expectancy for backflow preventers. Often, the device can be rebuilt as opposed to being completely replaced. Treat any repairs as needed as a general maintenance expense. No separate Reserve funding is required for this asset.

Location: **Fronts of buildings**

Quantity: **(18) Febco, 825Y**

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

Best Cost: **$0**

Worst Cost: **$0**

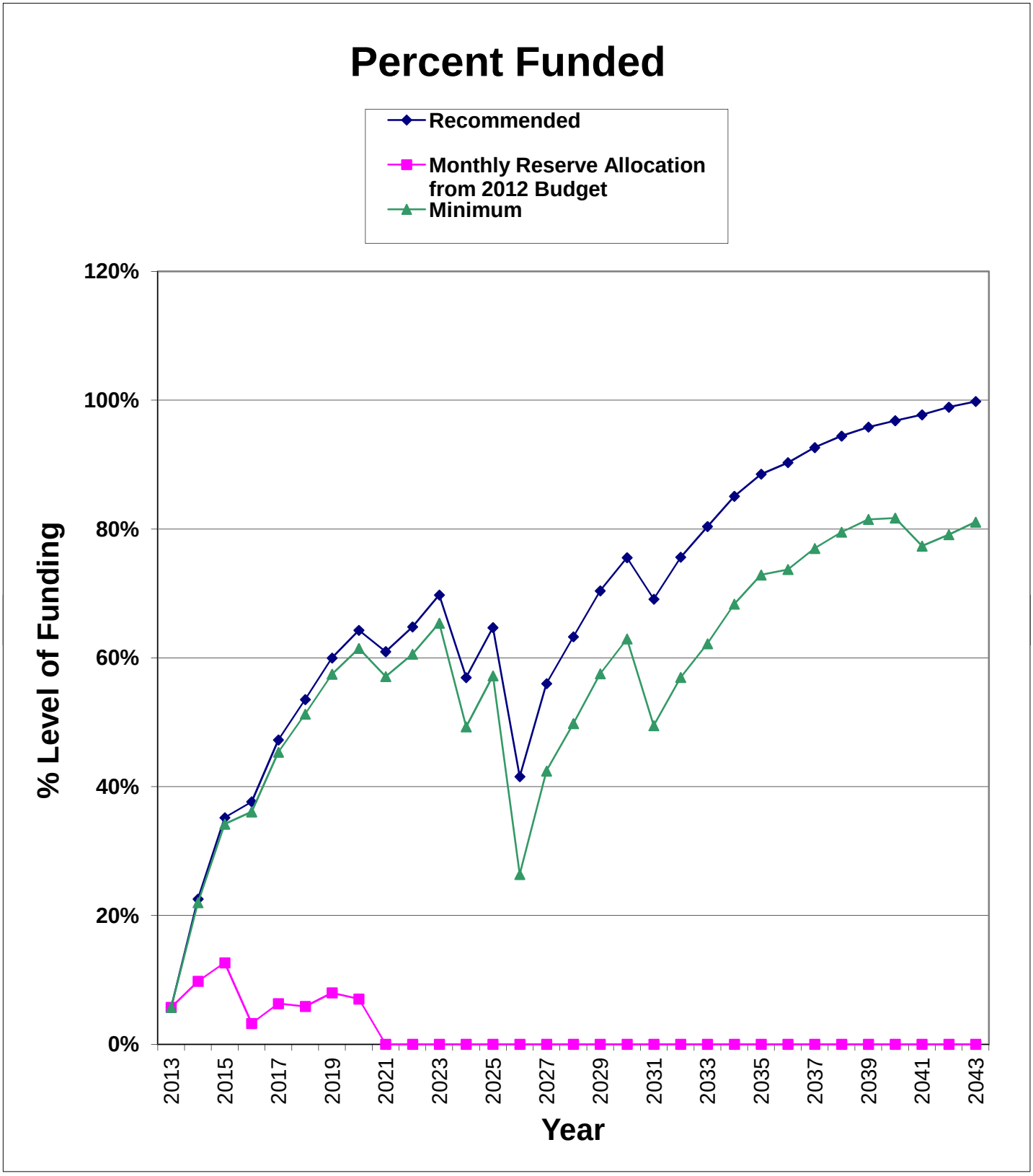
Source of Information:

General Notes:

Funding Summary For Stapleton Mansion Homes

Beginning Assumptions	
Financial Information Source	Research With Client
# of units	98
Fiscal Year End	December 31, 2013
Monthly Dues from 2012 budget	$18,228.00
Monthly Reserve Allocation from 2012 Budget	$2,187.33
Projected Starting Reserve Balance (as of 1/1/2013)	$26,176
Ideal Starting Reserve Balance (as of 1/1/2013)	$457,151
Economic Factors	
Past 20 year Average Inflation Rate (Based on CCI)	4.00%
Past 20 year Average Interest Rate	3.50%
Current Reserve Status	
Current Balance as a % of Ideal Balance	6%
Recommendations for 2013 Fiscal Year	
Monthly Reserve Allocation	$7,950
Per Unit	$81.12
Minimum Monthly Reserve Allocation	$7,700
Per Unit	$78.57
Primary Annual Increases	3.50%
# of Years	30
Special Assessment	$0
Per Unit	$0
Changes From Prior Year (2012 to 2013)	
Increase/Decrease to Reserve Allocation	$5,763
as Percentage	263%
Per Unit	$58.80

Percent Funded Graph For Stapleton Mansion Homes



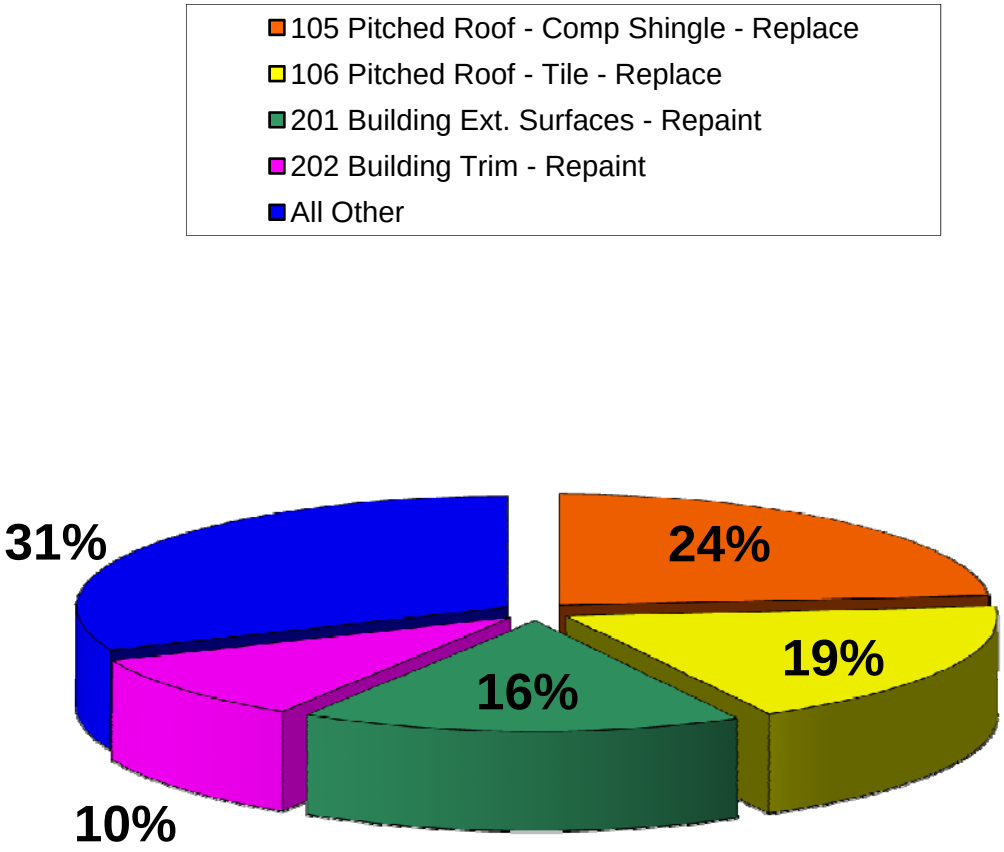
Component Inventory for Stapleton Mansion Homes

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	105	Pitched Roof - Comp Shingle - Replace	20	10	$329,225	$354,550
	106	Pitched Roof - Tile - Replace	22	12	$269,500	$323,400
	120	Raingutters/Downspouts - Replace (tile r	22	19	$28,455	$35,520
	120	Raingutters/Downspouts - Replace (com	20	17	$43,290	$49,470
Painted Surfaces	201	Building Ext. Surfaces - Repaint	10	7	$107,800	$132,300
	202	Building Trim - Repaint	5	2	$31,850	$39,200
Siding Materials	304	Cement Fiber Siding - Major Repairs	10	7	$24,500	$27,440
	305	Brick/Stone - Replace	N/A		$0	$0
	308	Stucco - Repair	5	2	$11,500	$13,500
Drive Materials	403	Concrete - Repair/Replace	4	2	$10,800	$11,400
Property Access	502	Garage Doors - Replace	N/A		$0	$0
Decking	601	Concrete Sidewalks/Decks - Repair	4	2	$13,230	$13,965
Prop. Identification	803	Mailboxes - Replace	N/A		$0	$0
Fencing/Walls	1002	Iron/Wood Railing - Replace	30	27	$56,000	$64,000
	1004	Latticework - Replace	N/A		$0	$0
Light Fixtures	1602	Exterior Wall mount - Replace	18	8	$37,500	$45,000
Irrig. System	1701	Irrigation System - Rebuild	12	4	$20,000	$24,500
	1703	Irrigation Timeclocks - Replace	12	2	$8,400	$10,500
	1704	Backflow Enclosures - Replace	20	15	$13,500	$14,850
	1706	Backflow Devices - Replace	N/A		$0	$0

Significant Components For Stapleton Mansion Homes

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL) As $	As %
105	Pitched Roof - Comp Shingle - Replace	20	10	$341,888	$17,094	23.6222%
106	Pitched Roof - Tile - Replace	22	12	$296,450	$13,475	18.6207%
120	Raingutters/Downspouts - Replace (comp r	20	17	$46,380	$2,319	3.2046%
120	Raingutters/Downspouts - Replace (tile roo	22	19	$31,988	$1,454	2.0092%
201	Building Ext. Surfaces - Repaint	10	7	$120,050	$12,005	16.5893%
202	Building Trim - Repaint	5	2	$35,525	$7,105	9.8182%
304	Cement Fiber Siding - Major Repairs	10	7	$25,970	$2,597	3.5887%
308	Stucco - Repair	5	2	$12,500	$2,500	3.4547%
403	Concrete - Repair/Replace	4	2	$11,100	$2,775	3.8347%
601	Concrete Sidewalks/Decks - Repair	4	2	$13,598	$3,399	4.6975%
1002	Iron/Wood Railing - Replace	30	27	$60,000	$2,000	2.7637%
1602	Exterior Wall mount - Replace	18	8	$41,250	$2,292	3.1668%
1701	Irrigation System - Rebuild	12	4	$22,250	$1,854	2.5622%
1703	Irrigation Timeclocks - Replace	12	2	$9,450	$788	1.0882%
1704	Backflow Enclosures - Replace	20	15	$14,175	$709	0.9794%

Significant Components Graph For Stapleton Mansion Homes

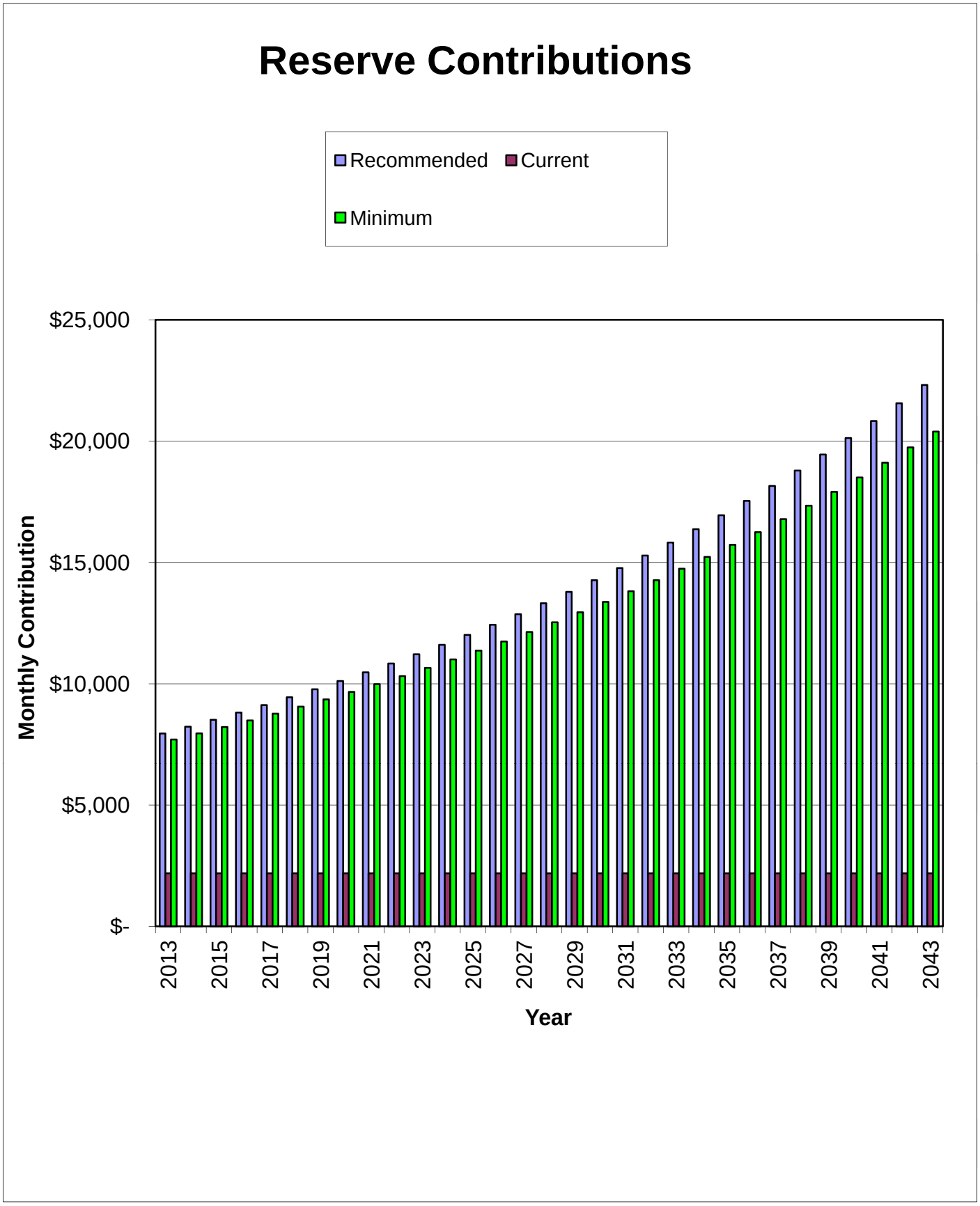


Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL) As $	As %
105	Pitched Roof - Comp Shingle - Replace	20	10	$341,888	$17,094	24%
106	Pitched Roof - Tile - Replace	22	12	$296,450	$13,475	19%
201	Building Ext. Surfaces - Repaint	10	7	$120,050	$12,005	17%
202	Building Trim - Repaint	5	2	$35,525	$7,105	10%
All Other	See Expanded Table on Page 4 For Additional Breakdown				$22,686	31%

Yearly Summary For Stapleton Mansion Homes

Fiscal Year Start	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2013	$457,151	$26,176	6%	$95,400	$0	$2,628	$0
2014	$550,698	$124,204	23%	$98,739	$0	$6,173	$0
2015	$650,996	$229,116	35%	$102,195	$0	$8,386	$88,878
2016	$666,005	$250,819	38%	$105,772	$0	$10,802	$0
2017	$777,303	$367,392	47%	$109,474	$0	$14,551	$26,029
2018	$869,369	$465,388	54%	$113,305	$0	$18,567	$0
2019	$995,709	$597,260	60%	$117,271	$0	$22,772	$31,250
2020	$1,098,266	$706,054	64%	$121,375	$0	$22,730	$255,350
2021	$975,670	$594,809	61%	$125,624	$0	$22,386	$56,453
2022	$1,058,985	$686,364	65%	$130,020	$0	$26,724	$0
2023	$1,208,463	$843,109	70%	$134,571	$0	$22,730	$542,635
2024	$803,865	$457,775	57%	$139,281	$0	$18,759	$0
2025	$951,879	$615,814	65%	$144,156	$0	$14,658	$551,516
2026	$536,873	$223,113	42%	$149,201	$0	$10,589	$0
2027	$683,662	$382,903	56%	$154,423	$0	$15,313	$59,132
2028	$779,837	$493,508	63%	$159,828	$0	$19,941	$25,528
2029	$920,021	$647,748	70%	$165,422	$0	$25,239	$41,674
2030	$1,054,442	$796,736	76%	$171,212	$0	$23,054	$468,324
2031	$756,163	$522,678	69%	$177,204	$0	$20,852	$50,033
2032	$886,839	$670,701	76%	$183,407	$0	$25,918	$67,393
2033	$1,010,787	$812,633	80%	$189,826	$0	$32,279	$0
2034	$1,216,123	$1,034,738	85%	$196,470	$0	$40,296	$0
2035	$1,436,269	$1,271,504	89%	$203,346	$0	$45,775	$172,346
2036	$1,492,841	$1,348,278	90%	$210,463	$0	$51,697	$0
2037	$1,738,050	$1,610,439	93%	$217,830	$0	$61,152	$0
2038	$2,000,487	$1,889,420	94%	$225,454	$0	$71,210	$0
2039	$2,281,139	$2,186,084	96%	$233,344	$0	$78,185	$209,037
2040	$2,363,643	$2,288,576	97%	$241,512	$0	$72,666	$732,505
2041	$1,913,387	$1,870,248	98%	$249,964	$0	$69,778	$66,721
2042	$2,146,216	$2,123,269	99%	$258,713	$0	$80,119	$0

Reserve Contributions For Stapleton Mansion Homes



Component Funding Information For Stapleton Mansion Homes

ID	Component Name	Ave Current Cost	Future Cost	Ideal Balance	Current Fund Balance	Monthly
105	Pitched Roof - Comp Shingle - Replace	$341,888	$506,077	$170,944	$0	$1,877.96
106	Pitched Roof - Tile - Replace	$296,450	$474,626	$134,750	$0	$1,480.34
120	Raingutters/Downspouts - Replace (comp roofs)	$46,380	$90,344	$6,957	$0	$254.76
120	Raingutters/Downspouts - Replace (tile roofs)	$31,988	$67,393	$4,362	$0	$159.73
201	Building Ext. Surfaces - Repaint	$120,050	$157,978	$36,015	$0	$1,318.85
202	Building Trim - Repaint	$35,525	$38,424	$21,315	$21,315	$780.54
304	Cement Fiber Siding - Major Repairs	$25,970	$34,175	$7,791	$0	$285.30
308	Stucco - Repair	$12,500	$13,520	$7,500	$4,861	$274.65
403	Concrete - Repair/Replace	$11,100	$12,006	$5,550	$0	$304.86
601	Concrete Sidewalks/Decks - Repair	$13,598	$14,707	$6,799	$0	$373.45
1002	Iron/Wood Railing - Replace	$60,000	$173,002	$6,000	$0	$219.72
1602	Exterior Wall mount - Replace	$41,250	$56,453	$22,917	$0	$251.76
1701	Irrigation System - Rebuild	$22,250	$26,029	$14,833	$0	$203.70
1703	Irrigation Timeclocks - Replace	$9,450	$10,221	$7,875	$0	$86.51
1704	Backflow Enclosures - Replace	$14,175	$25,528	$3,544	$0	$77.86

Yearly Cash Flow For Stapleton Mansion Homes

Year	2013	2014	2015	2016	2017
Starting Balance	$26,176	$124,204	$229,116	$250,819	$367,392
Reserve Income	$95,400	$98,739	$102,195	$105,772	$109,474
Interest Earnings	$2,628	$6,173	$8,386	$10,802	$14,551
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$124,204	$229,116	$339,697	$367,392	$491,417
Reserve Expenditures	$0	$0	$88,878	$0	$26,029
Ending Balance	$124,204	$229,116	$250,819	$367,392	$465,388

Year	2018	2019	2020	2021	2022
Starting Balance	$465,388	$597,260	$706,054	$594,809	$686,364
Reserve Income	$113,305	$117,271	$121,375	$125,624	$130,020
Interest Earnings	$18,567	$22,772	$22,730	$22,386	$26,724
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$597,260	$737,304	$850,159	$742,818	$843,109
Reserve Expenditures	$0	$31,250	$255,350	$56,453	$0
Ending Balance	$597,260	$706,054	$594,809	$686,364	$843,109

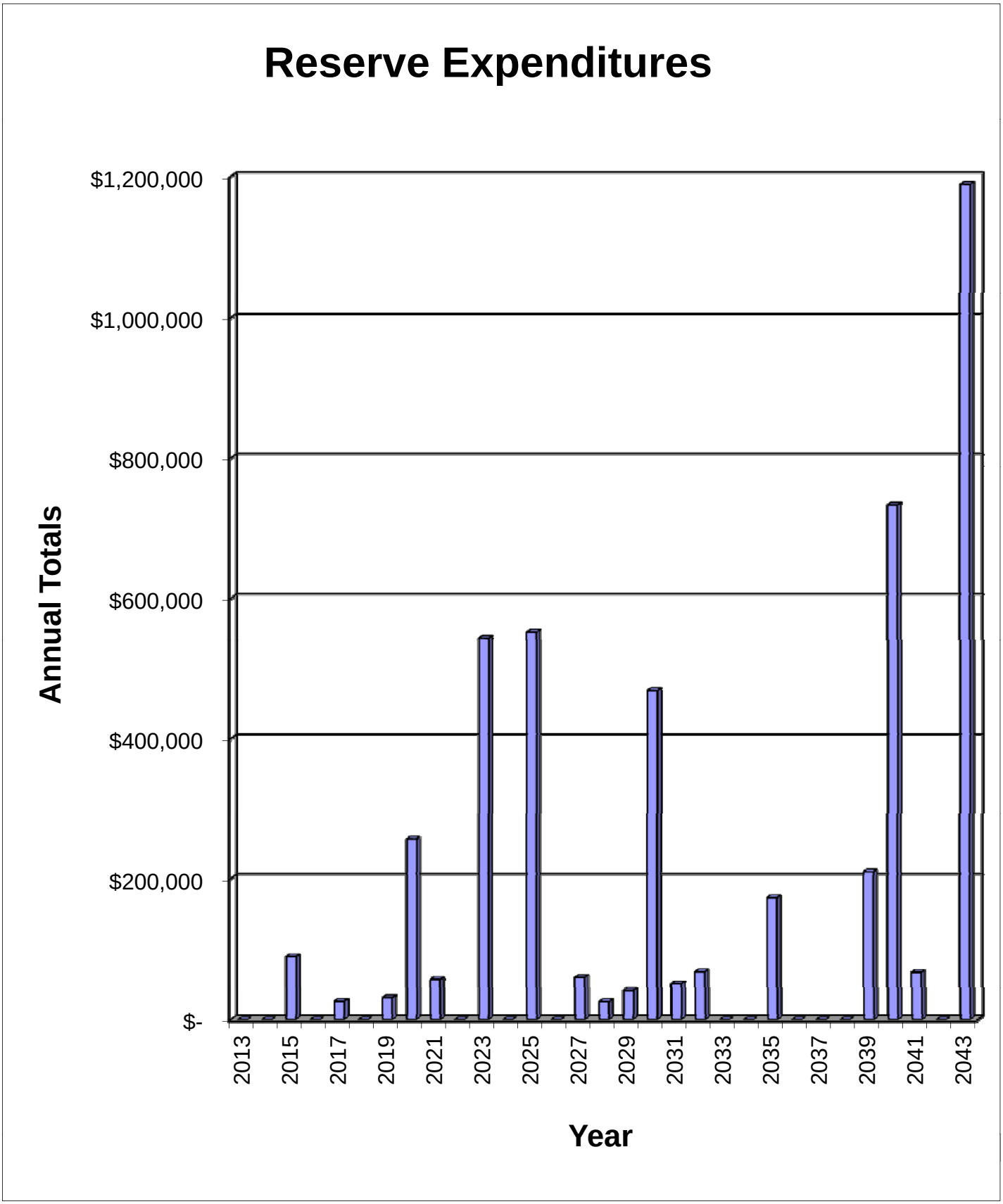
Year	2023	2024	2025	2026	2027
Starting Balance	$843,109	$457,775	$615,814	$223,113	$382,903
Reserve Income	$134,571	$139,281	$144,156	$149,201	$154,423
Interest Earnings	$22,730	$18,759	$14,658	$10,589	$15,313
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$1,000,410	$615,814	$774,629	$382,903	$552,640
Reserve Expenditures	$542,635	$0	$551,516	$0	$59,132
Ending Balance	$457,775	$615,814	$223,113	$382,903	$493,508

Year	2028	2029	2030	2031	2032
Starting Balance	$493,508	$647,748	$796,736	$522,678	$670,701
Reserve Income	$159,828	$165,422	$171,212	$177,204	$183,407
Interest Earnings	$19,941	$25,239	$23,054	$20,852	$25,918
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$673,277	$838,410	$991,002	$720,734	$880,026
Reserve Expenditures	$25,528	$41,674	$468,324	$50,033	$67,393
Ending Balance	$647,748	$796,736	$522,678	$670,701	$812,633

Year	2033	2034	2035	2036	2037
Starting Balance	$812,633	$1,034,738	$1,271,504	$1,348,278	$1,610,439
Reserve Income	$189,826	$196,470	$203,346	$210,463	$217,830
Interest Earnings	$32,279	$40,296	$45,775	$51,697	$61,152
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$1,034,738	$1,271,504	$1,520,625	$1,610,439	$1,889,420
Reserve Expenditures	$0	$0	$172,346	$0	$0
Ending Balance	$1,034,738	$1,271,504	$1,348,278	$1,610,439	$1,889,420

Year	2038	2039	2040	2041	2042
Starting Balance	$1,889,420	$2,186,084	$2,288,576	$1,870,248	$2,123,269
Reserve Income	$225,454	$233,344	$241,512	$249,964	$258,713
Interest Earnings	$71,210	$78,185	$72,666	$69,778	$80,119
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$2,186,084	$2,497,613	$2,602,753	$2,189,990	$2,462,101
Reserve Expenditures	$0	$209,037	$732,505	$66,721	$0
Ending Balance	$2,186,084	$2,288,576	$1,870,248	$2,123,269	$2,462,101

Yearly Expenditures Graph For Stapleton Mansion Homes



Projected Reserve Expenditures For Stapleton Mansion Homes

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2013		No Expenditures Projected		$0
2014		No Expenditures Projected		$0
2015	202	Building Trim - Repaint	$38,424	
	308	Stucco - Repair	$13,520	
	403	Concrete - Repair/Replace	$12,006	
	601	Concrete Sidewalks/Decks - Repair	$14,707	
	1703	Irrigation Timeclocks - Replace	$10,221	$88,878
2016		No Expenditures Projected		$0
2017	1701	Irrigation System - Rebuild	$26,029	$26,029
2018		No Expenditures Projected		$0
2019	403	Concrete - Repair/Replace	$14,045	
	601	Concrete Sidewalks/Decks - Repair	$17,205	$31,250
2020	201	Building Ext. Surfaces - Repaint	$157,978	
	202	Building Trim - Repaint	$46,748	
	304	Cement Fiber Siding - Major Repairs	$34,175	
	308	Stucco - Repair	$16,449	$255,350
2021	1602	Exterior Wall mount - Replace	$56,453	$56,453
2022		No Expenditures Projected		$0
2023	105	Pitched Roof - Comp Shingle - Replace	$506,077	
	403	Concrete - Repair/Replace	$16,431	
	601	Concrete Sidewalks/Decks - Repair	$20,128	$542,635
2024		No Expenditures Projected		$0
2025	106	Pitched Roof - Tile - Replace	$474,626	
	202	Building Trim - Repaint	$56,877	
	308	Stucco - Repair	$20,013	$551,516
2026		No Expenditures Projected		$0
2027	403	Concrete - Repair/Replace	$19,222	
	601	Concrete Sidewalks/Decks - Repair	$23,546	
	1703	Irrigation Timeclocks - Replace	$16,364	$59,132
2028	1704	Backflow Enclosures - Replace	$25,528	$25,528
2029	1701	Irrigation System - Rebuild	$41,674	$41,674
2030	120	Raingutters/Downspouts - Replace (comp roof	$90,344	
	201	Building Ext. Surfaces - Repaint	$233,845	
	202	Building Trim - Repaint	$69,199	
	304	Cement Fiber Siding - Major Repairs	$50,587	
	308	Stucco - Repair	$24,349	$468,324
2031	403	Concrete - Repair/Replace	$22,487	
	601	Concrete Sidewalks/Decks - Repair	$27,546	$50,033
2032	120	Raingutters/Downspouts - Replace (tile roofs)	$67,393	$67,393
2033		No Expenditures Projected		$0
2034		No Expenditures Projected		$0
2035	202	Building Trim - Repaint	$84,191	
	308	Stucco - Repair	$29,624	
	403	Concrete - Repair/Replace	$26,306	
	601	Concrete Sidewalks/Decks - Repair	$32,225	$172,346
2036		No Expenditures Projected		$0
2037		No Expenditures Projected		$0
2038		No Expenditures Projected		$0
2039	403	Concrete - Repair/Replace	$30,774	
	601	Concrete Sidewalks/Decks - Repair	$37,699	
	1602	Exterior Wall mount - Replace	$114,364	
	1703	Irrigation Timeclocks - Replace	$26,200	$209,037
2040	201	Building Ext. Surfaces - Repaint	$346,148	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	202	Building Trim - Repaint	$102,432	
	304	Cement Fiber Siding - Major Repairs	$74,881	
	308	Stucco - Repair	$36,042	
	1002	Iron/Wood Railing - Replace	$173,002	$732,505
2041	1701	Irrigation System - Rebuild	$66,721	$66,721
2042		No Expenditures Projected		$0
2043	105	Pitched Roof - Comp Shingle - Replace	$1,108,877	
	403	Concrete - Repair/Replace	$36,002	
	601	Concrete Sidewalks/Decks - Repair	$44,102	$1,188,981

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

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

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

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

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

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

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

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

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

FFB = Replacement Cost X Effective Age / Useful Life

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

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

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

Funding Plan – An 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 that the Fully Funded Balance.

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