

Reserve Analysis Report

Hover Ridge HOA

924 Hover Ridge Cir
Longmont, CO 80501

For Fiscal Year End:
December 31, 2012

Level I Study with Site Inspection



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Executive Summary

Hover Ridge HOA

This is a Homeowners Association with 52 Units.

The common area components include: asphalt, fencing, and building exterior.

A Full Study with an on-site inspection was performed on November 25th, 2012

Number of Units	52
Year Built	1998
Fiscal Year End	December 31, 2012

Reserve Fund Balance December 31, 2012

Fully Funded Reserve Balance	\$ 325,876
Projected Balance	\$ 80,000
Under Funded (Deficiency in Reserve Funding)	\$ 245,876
Deficiency in Reserve Funding Per Unit	\$ 4,728.38
Percent Funded	24.5%

	Annually	Monthly	Per Unit Monthly
2012 Budgeted Reserve Assessment	\$ 25,000	\$ 2,083	\$ 40.06
Depreciation of Components in 2012	\$ 45,285	\$ 3,774	\$ 72.57
Threshold Reserve Contribution for 2013	\$ 52,380	\$ 4,365	\$ 83.94
Recommended Reserve Contribution for 2013	\$ 62,400	\$ 5,200	\$ 100.00

Component Summary
Hover Ridge HOA

Fiscal Year End: 12/31/2012

Category	Approx.	Unit of	Useful	Remaining	Unit	Total	Depreciation	Fully Funded	Depre.	Monthly	Cost
Component	Quantity	Measure	Life	Life	Cost	Cost	This Year	Balance	%	Contribution	Source
Roofing											
Composite Shingles	3450	SF	25	23	\$ 3.25	\$ 11,213	\$ 449	\$ 897	0.99%	\$ 51.50	1
Composite Shingles	43500	SF	25	12	\$ 3.25	\$ 141,375	\$ 5,655	\$ 73,515	12.49%	\$ 649.36	1
Composite Shingles	43500	SF	25	13	\$ 3.25	\$ 141,375	\$ 5,655	\$ 67,860	12.49%	\$ 649.36	1
Gutters & Downspouts	52	Each	30	17	\$ 1,050	\$ 54,600	\$ 1,820	\$ 23,660	4.02%	\$ 208.99	1
						\$ 348,563	\$ 13,579	\$ 165,932	29.98%	\$ 1,559.21	
Painting											
Siding & Trim	52	Each	8	3	\$ 1,650	\$ 85,800	\$ 10,725	\$ 53,625	23.68%	\$ 1,231.55	1
Perimeter Fencing	2150	LF	8	3	\$ 9.00	\$ 19,350	\$ 2,419	\$ 12,094	5.34%	\$ 277.74	1
						\$ 105,150	\$ 13,144	\$ 65,719	29.02%	\$ 1,509.29	
Asphalt											
Slurry Seal & Repair	32600	SF	4	0	\$ 0.17	\$ 5,542	\$ 1,386	\$ 5,542	3.06%	\$ 159.10	1
Overlay & Replace	32600	SF	25	12	\$ 1.35	\$ 44,010	\$ 1,760	\$ 22,885	3.89%	\$ 202.15	1
Concrete Repairs	1	Allowance	8	4	\$ 10,000	\$ 10,000	\$ 1,250	\$ 5,000	2.76%	\$ 143.54	1
						\$ 59,552	\$ 4,396	\$ 33,427	9.71%	\$ 504.78	
Fencing/Rails											
Perimeter Fencing Repairs	1	Allowance	4	1	\$ 10,000	\$ 10,000	\$ 2,500	\$ 7,500	5.52%	\$ 287.07	1
Patio Fencing Repairs	1	Allowance	4	3	\$ 8,000	\$ 8,000	\$ 2,000	\$ 2,000	4.42%	\$ 229.66	1
Patio Metal Gates	48	Each	25	12	\$ 225	\$ 10,800	\$ 432	\$ 5,616	0.95%	\$ 49.61	1
						\$ 28,800	\$ 4,932	\$ 15,116	10.89%	\$ 566.34	
Landscaping											
Irrigation System Upgrade	1	Allowance	6	2	\$ 15,000	\$ 15,000	\$ 2,500	\$ 10,000	5.52%	\$ 287.07	1
Landscape Replacements	1	Allowance	8	4	\$ 8,000	\$ 8,000	\$ 1,000	\$ 4,000	2.21%	\$ 114.83	1
Tree Trimming											3
						\$ 23,000	\$ 3,500	\$ 14,000	7.73%	\$ 401.90	
Lighting											
Repairs & Replacements	1	Allowance	20	10	\$ 8,000	\$ 8,000	\$ 400	\$ 4,000	0.88%	\$ 45.93	1
Street Lights	4	Each	25	12	\$ 800	\$ 3,200	\$ 128	\$ 1,664	0.28%	\$ 14.70	1
						\$ 11,200	\$ 528	\$ 5,664	1.17%	\$ 60.63	
Miscellaneous											
Mailboxes											1
Siding & Trim Replacements	1	Allowance	4	3	\$ 10,000	\$ 10,000	\$ 2,500	\$ 2,500	5.52%	\$ 287.07	1
Balcony Repairs	1	Allowance	20	0	\$ 5,000	\$ 5,000	\$ 250	\$ 5,000	0.55%	\$ 28.71	1
Entry Monuments	1	Allowance	20	10	\$ 6,000	\$ 6,000	\$ 300	\$ 3,000	0.66%	\$ 34.45	1
						\$ 21,000	\$ 3,050	\$ 10,500	6.74%	\$ 350.23	
Contingency											
5%							\$ 2,156	\$ 15,518	4.76%	\$ 247.62	1
TOTALS						\$ 597,265	\$ 45,285	\$ 325,876	100%	\$ 5,200	

Notes: Any other items not listed are included in operating budget.

Components with depreciation % greater than 25% are denoted in blue

Remaining life of 0 in red

Theoretical 30 Year Funding Plans

Hover Ridge HOA

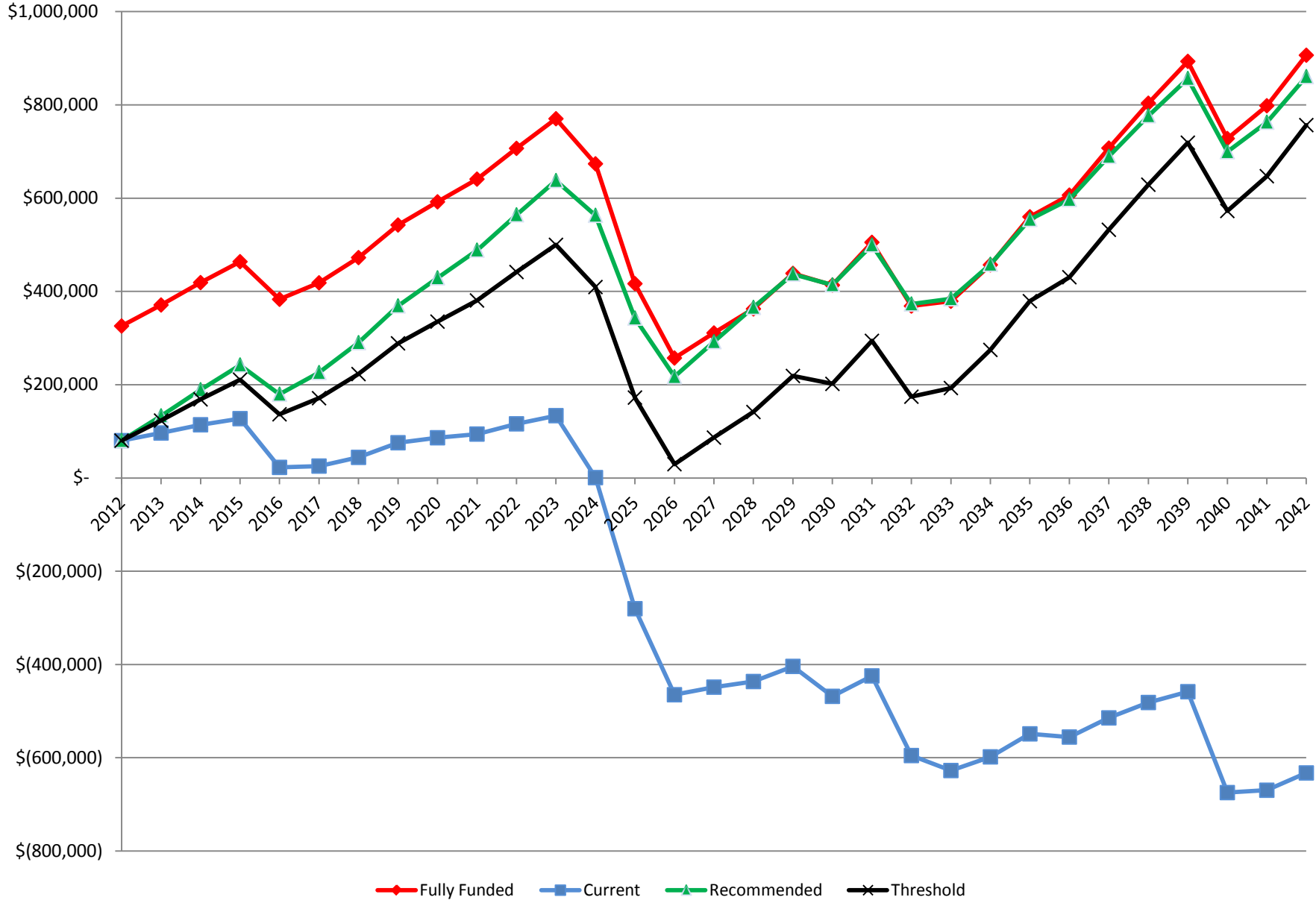
Above 70% = Well Funded Between 30% and 70% = Fairly Funded Below 30% = Poorly Funded

Before Tax Interest Rate	1.5%
Annual Inflation Rate	3.0%
Annual Dues Increase	3.0%

Year End	Annual Expenses	Fully Funded Balance	Current Funding Plan			Recommended Funding Plan			Threshold Funding Plan		
			Contribution	Balance	% Funded	Contribution	Balance	% Funded	Contribution	Balance	% Funded
2012	\$ -	\$ 325,876	\$ 25,000	\$ 80,000	25%	\$ -	\$ 80,000	25%	\$ -	\$ 80,000	25%
2013	\$ 10,542	\$ 370,894	\$ 25,750	\$ 96,408	26%	\$ 62,400	\$ 133,058	36%	\$ 52,380	\$ 123,038	33%
2014	\$ 10,300	\$ 418,924	\$ 26,522	\$ 114,077	27%	\$ 64,272	\$ 189,026	45%	\$ 53,951	\$ 168,535	40%
2015	\$ 15,914	\$ 463,765	\$ 27,318	\$ 127,192	27%	\$ 66,200	\$ 242,148	52%	\$ 55,570	\$ 210,719	45%
2016	\$ 134,569	\$ 383,109	\$ 28,138	\$ 22,669	6%	\$ 68,186	\$ 179,397	47%	\$ 57,237	\$ 136,548	36%
2017	\$ 26,497	\$ 418,443	\$ 28,982	\$ 25,494	6%	\$ 70,232	\$ 225,823	54%	\$ 58,954	\$ 171,054	41%
2018	\$ 11,593	\$ 472,531	\$ 29,851	\$ 44,135	9%	\$ 72,339	\$ 289,956	61%	\$ 60,723	\$ 222,749	47%
2019	\$ -	\$ 542,401	\$ 30,747	\$ 75,543	14%	\$ 74,509	\$ 368,814	68%	\$ 62,544	\$ 288,635	53%
2020	\$ 22,138	\$ 592,097	\$ 31,669	\$ 86,208	15%	\$ 76,744	\$ 428,953	72%	\$ 64,421	\$ 335,248	57%
2021	\$ 26,022	\$ 640,803	\$ 32,619	\$ 94,098	15%	\$ 79,046	\$ 488,412	76%	\$ 66,353	\$ 380,608	59%
2022	\$ 13,048	\$ 706,775	\$ 33,598	\$ 116,060	16%	\$ 81,418	\$ 564,108	80%	\$ 68,344	\$ 441,613	62%
2023	\$ 18,815	\$ 770,314	\$ 34,606	\$ 133,592	17%	\$ 83,860	\$ 637,615	83%	\$ 70,394	\$ 499,817	65%
2024	\$ 170,468	\$ 673,627	\$ 35,644	\$ 771	0%	\$ 86,376	\$ 563,087	84%	\$ 72,506	\$ 409,352	61%
2025	\$ 317,841	\$ 416,593	\$ 36,713	\$ (280,344)	-67%	\$ 88,967	\$ 342,661	82%	\$ 74,681	\$ 172,333	41%
2026	\$ 222,299	\$ 257,171	\$ 37,815	\$ (464,829)	-181%	\$ 91,637	\$ 217,138	84%	\$ 76,922	\$ 29,541	11%
2027	\$ 22,689	\$ 310,900	\$ 38,949	\$ (448,569)	-144%	\$ 94,386	\$ 292,091	94%	\$ 79,229	\$ 86,524	28%
2028	\$ 28,043	\$ 362,566	\$ 40,118	\$ (436,495)	-120%	\$ 97,217	\$ 365,647	101%	\$ 81,606	\$ 141,385	39%
2029	\$ 8,893	\$ 438,674	\$ 41,321	\$ (404,067)	-92%	\$ 74,848	\$ 437,086	100%	\$ 84,055	\$ 218,667	50%
2030	\$ 106,774	\$ 413,452	\$ 42,561	\$ (468,280)	-113%	\$ 77,094	\$ 413,963	100%	\$ 86,576	\$ 201,749	49%
2031	\$ -	\$ 505,262	\$ 43,838	\$ (424,442)	-84%	\$ 79,407	\$ 499,579	99%	\$ 89,173	\$ 293,949	58%
2032	\$ 215,944	\$ 368,665	\$ 45,153	\$ (595,234)	-161%	\$ 81,789	\$ 372,917	101%	\$ 91,849	\$ 174,263	47%
2033	\$ 78,642	\$ 378,917	\$ 46,507	\$ (627,368)	-166%	\$ 84,243	\$ 384,112	101%	\$ 94,604	\$ 192,839	51%
2034	\$ 18,603	\$ 456,935	\$ 47,903	\$ (598,069)	-131%	\$ 86,770	\$ 458,041	100%	\$ 97,442	\$ 274,571	60%
2035	\$ -	\$ 560,016	\$ 49,340	\$ (548,729)	-98%	\$ 89,373	\$ 554,284	99%	\$ 100,365	\$ 379,055	68%
2036	\$ 57,653	\$ 606,519	\$ 50,820	\$ (555,563)	-92%	\$ 92,054	\$ 596,999	98%	\$ 103,376	\$ 430,464	71%
2037	\$ 11,266	\$ 707,346	\$ 52,344	\$ (514,484)	-73%	\$ 94,816	\$ 689,504	97%	\$ 106,478	\$ 532,133	75%
2038	\$ 20,938	\$ 803,583	\$ 53,915	\$ (481,507)	-60%	\$ 97,660	\$ 776,569	97%	\$ 109,672	\$ 628,849	78%
2039	\$ 32,349	\$ 893,295	\$ 55,532	\$ (458,324)	-51%	\$ 100,590	\$ 856,459	96%	\$ 112,962	\$ 718,895	80%
2040	\$ 273,552	\$ 727,855	\$ 57,198	\$ (674,678)	-93%	\$ 103,608	\$ 699,362	96%	\$ 116,351	\$ 572,478	79%
2041	\$ 53,862	\$ 798,155	\$ 58,914	\$ (669,626)	-84%	\$ 106,716	\$ 762,706	96%	\$ 119,842	\$ 647,044	81%
2042	\$ 23,566	\$ 906,531	\$ 60,681	\$ (632,510)	-70%	\$ 109,918	\$ 860,499	95%	\$ 123,437	\$ 756,621	83%

Note: All future projections are theoretical. The estimated lives and costs of components will likely change over time depending on factors such as inflation rates and levels of maintenance. Reserve analysis should be performed annually to account for these factors.

30 Year Reserve Balance Projection



Preface

What is A Reserve Study?

A reserve study is a detailed report that assists common interest developments (CID) in planning for long-term common area repair and replacement expenses. A CID exists when there is individual ownership of a house or condominium along with the shared ownership or right of use to common areas. These common areas can include streets, roofs, recreational facilities and many other items. A reserve study includes two parts: 1) **The Physical Analysis** contains information about the condition and repair/replacement cost of the components that the CID maintains. The physical analysis should include a component inventory and quantity, estimated useful and remaining life, and estimated replacement cost. 2) **The Financial Analysis** evaluates the CID's reserve fund balance and income. The financial analysis calculates a CID's percent funded by comparing the actual reserve balance to a fully funded balance. The reserve study then estimates the total annual contribution necessary to defray the future costs.

What are the significant figures to look at in the report?

The first, and most important number a CID should look at is the percent funded which is located in the executive summary. Percent funded tells you where your reserve balance currently stands and is calculated by dividing your reserve balance by the fully funded balance. Fully funded balance is the ideal amount that a CID should have if they have saved for the depreciation of all their components over the component lives. If an association has a reserve balance equal to their fully funded balance they are considered 100% percent funded, which is the ideal situation. Not all associations choose to be fully funded, and there is no requirement to be 100% funded. Anything above 70% funded is considered well funded. The table below shows the different funding levels:

Over 70% = Well Funded
Between 30-70% = Fairly Funded
Below 30% = Poorly Funded

The lower your percent funded the higher the risk of a special assessment. A low percent funded also increases the likelihood of deferred maintenance which can cause declining property values.

The next important section to look at is the theoretical 30 year funding plans. This section of the study estimates what your percent funded may be over the next 30 years if you follow your current funding plan. This section also includes a recommended funding plan. If a CID follows the recommended plan they should end up well funded and near the fully funded level. The third funding plan is a threshold funding plan. This funding plan is a 30 year cash flow plan that calculates the minimum amount a CID should contribute so their reserve balance won't fall below \$0 and cause the need for a special assessment. (The threshold is set at 5% of the total repair and replacement cost of all components) The percent funded will at some point fall into poorly funded levels but

will never drop below \$0. If a CID has a funding plan that is below this threshold plan they should also plan on a future special assessment and/or a deferred maintenance. Please note all funding plans include inflation, interest earned on reserve funds and a annual percent increase to the reserve contribution.

Why Should a Reserve Study be performed?

Certain states, such as California, require that reserve studies be completed and that the board of directors inform owners of the reserve status annually. In addition, the board of directors of a CID has a legal and fiduciary duty to maintain the community in a good state of repair. Property Values are directly affected by the level of maintenance and upkeep of the common area components. Reserve studies create a maintenance plan, which keeps a development in good condition, therefore increasing property appreciation and value. The amount of funds in the reserve account also greatly affects property values. Reserve studies inform CID's how much they should have in their reserve account, which eliminates costly special assessments. Over time each member of a CID should contribute their fair share to the reserve account so when expenses arise the required funds are available. Reserve Studies can also help avoid litigation against CID board members.

Sections of this Reserve Study

Executive Summary - Provides the general information about the CID and summarizes the findings of the study. Percent Funded and Recommended Reserve Contribution are included in the summary.

Component Summary – List all components and their details in tabular form.

30 Year Funding Plans – Lists theoretical fully funded balance for the next 30 years. Also lists theoretical annual contribution, projected year-end balance, and percent funded for the current, recommended, and threshold funding plans. (Inflation and annual dues increase are taken into account)

Annual Expenses – Lists projected annual expenses for each component over the next 30 years in tabular form. (Inflation is taken into account)

30 Year Reserve Projection Graph – Displays the reserve account balance for the current, fully funded, threshold, and recommended funding plans over the next 30 years. (Inflation and annual dues increase are taken into account)

Projected Annual Expenses Graph – Displays projected annual expenses over the next 30 years in a bar graph. (Inflation is taken into account)

Component Details – Provides detailed information on each component. Also includes pictures of selected components.

Where do Component Repair/Replacement Cost Estimates Come From?

The most accurate cost source is actual bids from contractors or to look at contracts from when the repair/replacement was last performed. In most cases bids or contracts are not available so unit costs for similar work done in the same local area are used. In addition, it is helpful to talk to local vendors who have knowledge of the work and can help with a cost estimate. A third source is to use construction cost estimators such as RS Means. Many times the entire quantity of a component will not need to be replaced or repaired all at once. An example of this is concrete sidewalks. All sidewalks should never have to be replaced, but some sections may experience cracking. In this case an allowance can be created for their partial replacement.

The cost source number for each component is provided in the component summary and details. An explanation of each follows:

1. **Local Historical Cost** – Cost based on bids for similar work done in same area.
2. **McCaffery Estimate** – Estimate or Allowance made by McCaffery Staff Member.
3. **Board/Manager Direction** – Cost estimate provided by board member or property manager.
4. **Bid/Contract** – Bid came from actual bid or contract.
5. **Cost Manual** – Cost came from estimating manual.
6. **Previous Study** – Cost came from previous reserve study.

What Procedures were used for calculation and establishment of reserves?

In this study the fully funded reserve balance for a component at a given time was computed using the component method. Using the component method the fully funded reserve balance equals the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component.

For example if the cost of a boiler is \$10,000, the useful life is 10 years and the remaining life is 3 years. The recommended reserve balance would be:

$$\$10,000 \times ((10-3)/10) = \$7,000.$$

Glossary of Terms:

Contingency – An allowance for miscellaneous components or unpredictable expenses. (5% of total current cost unless directed otherwise)

Current Budgeted Reserve Assessment – Amount currently being deposited into reserve account. Provided by Property Manager or Board Member.

Depreciation This Year – Amount that should be saved for component during current year. Provided for each component and summed for all components. If the association is 100% funded this is the amount they should contribute to the reserve fund annually.
= $(\text{Total Current Cost} / \text{Normal Useful Life})$

Fully Funded Balance – The total depreciation over the life of the component. In other words, the amount that should have been saved during the life of the component. Provided for each component and summed for all components = $((\text{Normal Life} - \text{Remaining Life}) * \text{Depreciation This Year})$

Normal Useful Life – Typical useable life for a component.

Percent Funded – The percentage of the fully funded balance that the CID has in reserve fund. $(\text{Projected Balance} / \text{Fully Funded Balance})$

Projected Balance – Projected balance at fiscal year end with current funding plan. Calculated using current reserve balance, remaining contributions to reserves before year-end, and planned expenses before year-end.

Recommended Reserve Contribution – Recommended amount that the CID should allocate into reserves.

Remaining Life – Expected remaining useable life of component. (0 year remaining life means the component will be serviced in the upcoming fiscal year)

Replacement Year – Year that component is projected to be replaced or repaired.

Total Cost – Total cost to replace entire quantity of component in today's dollars.
= $(\text{Quantity} * \text{Unit Cost})$

Total Future Cost - Current cost adjusted to future cost taking into account inflation and replacement year. = $(\text{Current Cost} * (1 + \text{inflation rate})^{(\text{Replacement Year} - \text{Present Year})})$

Threshold Reserve Contribution – Reserve contribution that should be allocated into reserves to keep reserve balance above a minimum amount during the next 30 years. (Minimum amount is 5% of total replacement cost unless otherwise noted)

Under Funded – Amount association is short of fully funded balance; also known as a deficit. = $(\text{Fully Funded Balance} - \text{Projected Balance})$

Unit Cost – Cost per Unit.

Unit of Measure – Unit used to measure component. (Explanations shown below)

SF – Square Feet

SY – Square Yard

LF – Linear Feet

Each – Per Single Unit
Lump Sum - Total cost for component
Allowance – Allowance for component repair or replacement
Contract – Cost obtained from actual contract or bid

Useful Life – Time in years component is expected to last.

Preparer Qualifications

Brian McCaffery, President of McCaffery Reserve Consulting earned his Bachelor of Science Degree in Architectural Engineering from the University of Colorado in Boulder. His degree program included coursework in Building Exterior, Lighting, Electrical Systems, Heating Ventilating and Air Conditioning, Concrete and Steel Design, Civil Engineering, Structural Engineering, and Estimating. He has worked in the Building Construction/Architectural Engineering industry for 10 years and has been performing reserve studies for the past 8 years. During his professional career, Brian has worked for multiple companies that perform reserve studies. He has performed over 2,500 reserve studies throughout the state of California and the United States. Brian is a certified Reserve Specialist, designated by the Community Associations Institute (CAI). The Reserve Specialist designation is awarded to experienced, qualified reserve specialists, who through years of specialized experience, can help ensure that your community association prepares its reserve budget as accurately as possible. Brian also has a permit to perform reserve studies in the state of Nevada (Reserve study permit #9).

Annual Expenses by Component

	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Roofing										
Composite Shingles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Composite Shingles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Composite Shingles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Gutters & Downspouts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Painting										
Siding & Trim	\$ -	\$ -	\$ -	\$ 93,756	\$ -	\$ -	\$ -	\$ -	\$ -	
Perimeter Fencing	\$ -	\$ -	\$ -	\$ 21,144	\$ -	\$ -	\$ -	\$ -	\$ -	
Asphalt										
Slurry Seal & Repair	\$ 5,542	\$ -	\$ -	\$ -	\$ 6,238	\$ -	\$ -	\$ -	\$ 7,020	
Overlay & Replace	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Concrete Repairs	\$ -	\$ -	\$ -	\$ -	\$ 11,255	\$ -	\$ -	\$ -	\$ -	
Fencing/Rails										
Perimeter Fencing Repairs	\$ -	\$ 10,300	\$ -	\$ -	\$ -	\$ 11,593	\$ -	\$ -	\$ -	
Patio Fencing Repairs	\$ -	\$ -	\$ -	\$ 8,742	\$ -	\$ -	\$ -	\$ 9,839	\$ -	
Patio Metal Gates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Landscaping										
Irrigation System Upgrade	\$ -	\$ -	\$ 15,914	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,002	
Landscape Replacements	\$ -	\$ -	\$ -	\$ -	\$ 9,004	\$ -	\$ -	\$ -	\$ -	
Tree Trimming	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Lighting										
Repairs & Replacements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Street Lights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Miscellaneous										
Mailboxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Siding & Trim Replacements	\$ -	\$ -	\$ -	\$ 10,927	\$ -	\$ -	\$ -	\$ 12,299	\$ -	
Balcony Repairs	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Entry Monuments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Totals	\$ -	\$ 10,542	\$ 10,300	\$ 15,914	\$ 134,569	\$ 26,497	\$ 11,593	\$ -	\$ 22,138	\$ 26,022

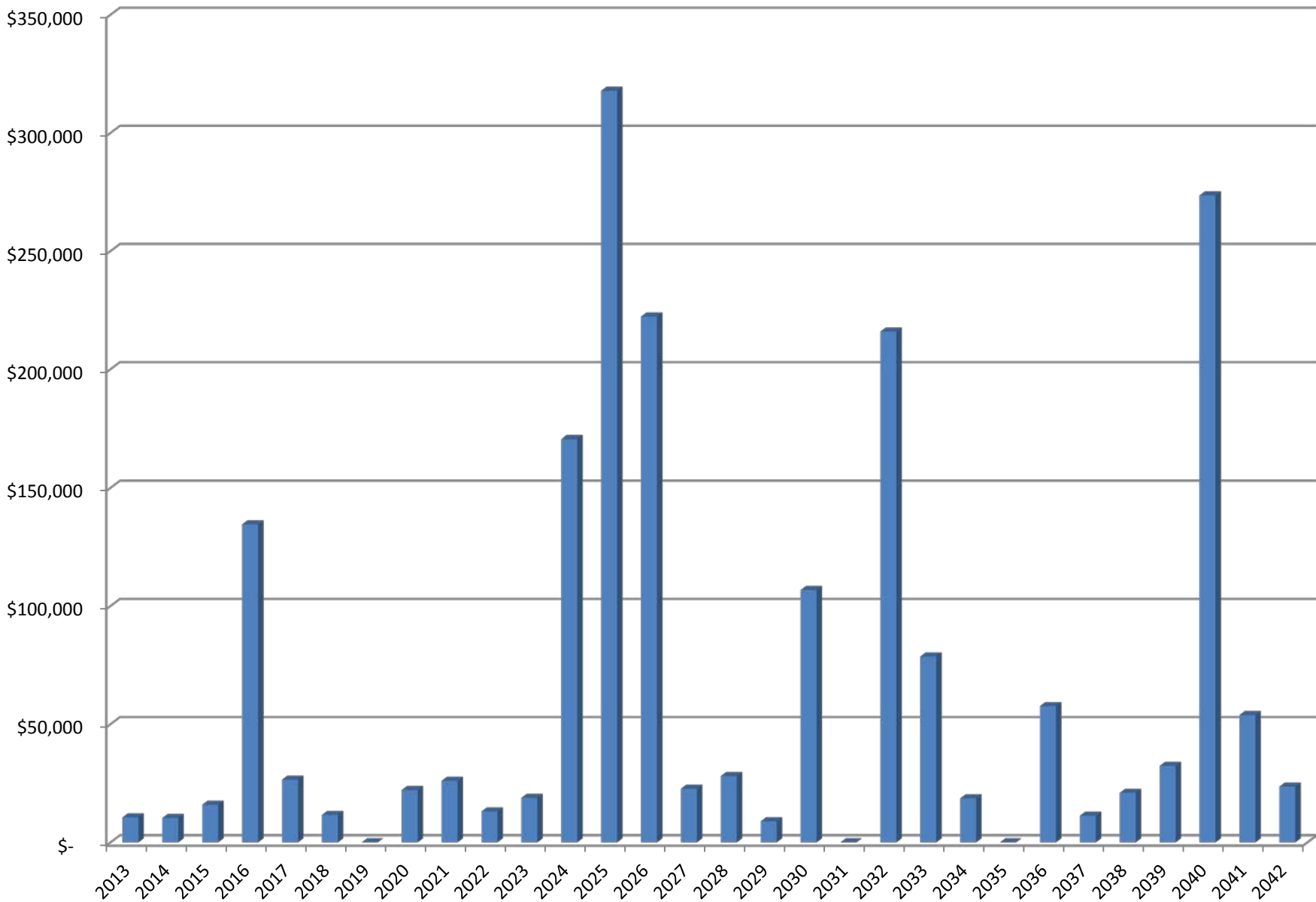
Annual Expenses by Component

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Roofing													
Composite Shingles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Composite Shingles	\$ -	\$ -	\$ -	\$ 201,567	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Composite Shingles	\$ -	\$ -	\$ -	\$ -	\$ 207,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gutters & Downspouts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,245	\$ -	\$ -	\$ -	\$ -
Painting													
Siding & Trim	\$ -	\$ -	\$ 118,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,451	\$ -	\$ -
Perimeter Fencing	\$ -	\$ -	\$ 26,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,930	\$ -	\$ -
Asphalt													
Slurry Seal & Repair	\$ -	\$ -	\$ -	\$ 7,902	\$ -	\$ -	\$ -	\$ 8,893	\$ -	\$ -	\$ -	\$ 10,009	\$ -
Overlay & Replace	\$ -	\$ -	\$ -	\$ 62,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Concrete Repairs	\$ -	\$ -	\$ -	\$ 14,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,061	\$ -
Fencing/Rails													
Perimeter Fencing Repairs	\$ 13,048	\$ -	\$ -	\$ -	\$ 14,685	\$ -	\$ -	\$ -	\$ 16,528	\$ -	\$ -	\$ -	\$ 18,603
Patio Fencing Repairs	\$ -	\$ -	\$ 11,074	\$ -	\$ -	\$ -	\$ 12,464	\$ -	\$ -	\$ -	\$ 14,028	\$ -	\$ -
Patio Metal Gates	\$ -	\$ -	\$ -	\$ 15,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Landscaping													
Irrigation System Upgrade	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,689	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,092	\$ -
Landscape Replacements	\$ -	\$ -	\$ -	\$ 11,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,449	\$ -
Tree Trimming	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lighting													
Repairs & Replacements	\$ -	\$ 10,751	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Street Lights	\$ -	\$ -	\$ -	\$ 4,562	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous													
Mailboxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Siding & Trim Replacement	\$ -	\$ -	\$ 13,842	\$ -	\$ -	\$ -	\$ 15,580	\$ -	\$ -	\$ -	\$ 17,535	\$ -	\$ -
Balcony Repairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,031	\$ -
Entry Monuments	\$ -	\$ 8,063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ 13,048	\$ 18,815	\$ 170,468	\$ 317,841	\$ 222,299	\$ 22,689	\$ 28,043	\$ 8,893	\$ 106,774	\$ -	\$ 215,944	\$ 78,642	\$ 18,603

Annual Expenses by Component

	2035	2036	2037	2038	2039	2040	2041	2042
Roofing								
Composite Shingles	\$ -	\$ 22,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Composite Shingles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Composite Shingles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gutters & Downspouts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Painting								
Siding & Trim	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190,587	\$ -	\$ -
Perimeter Fencing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,982	\$ -	\$ -
Asphalt								
Slurry Seal & Repair	\$ -	\$ -	\$ 11,266	\$ -	\$ -	\$ -	\$ 12,680	\$ -
Overlay & Replace	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Concrete Repairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,879	\$ -
Fencing/Rails								
Perimeter Fencing Repairs	\$ -	\$ -	\$ -	\$ 20,938	\$ -	\$ -	\$ -	\$ 23,566
Patio Fencing Repairs	\$ -	\$ 15,789	\$ -	\$ -	\$ -	\$ 17,770	\$ -	\$ -
Patio Metal Gates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Landscaping								
Irrigation System Upgrade	\$ -	\$ -	\$ -	\$ -	\$ 32,349	\$ -	\$ -	\$ -
Landscape Replacements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,303	\$ -
Tree Trimming	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lighting								
Repairs & Replacements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Street Lights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous								
Mailboxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Siding & Trim Replacement	\$ -	\$ 19,736	\$ -	\$ -	\$ -	\$ 22,213	\$ -	\$ -
Balcony Repairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Entry Monuments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ -	\$ 57,653	\$ 11,266	\$ 20,938	\$ 32,349	\$ 273,552	\$ 53,862	\$ 23,566

Projected Annual Expenses



Component Details

Roofing		Composite Shingles	
Approximate Component Quantity	- 3450	Estimated Current Unit Cost	\$ 3.25
Unit of Measure	- SF	Estimated Total Current Cost	\$ 11,213
Normal Useful Life (Years)	- 25	Estimated Total Future Cost	\$ 22,129
Estimated Remaining Useful Life (Years)	- 23	Fully Funded Balance	\$ 897
Estimated Replacement Year	- 2036	Depreciation This Year	\$ 449
Cost Source	- 1	Monthly Contribution	\$ 52
Depreciation Percent	- 0.99%		

Roofing		Composite Shingles	
Approximate Component Quantity	- 43500	Estimated Current Unit Cost	\$ 3.25
Unit of Measure	- SF	Estimated Total Current Cost	\$ 141,375
Normal Useful Life (Years)	- 25	Estimated Total Future Cost	\$ 201,567
Estimated Remaining Useful Life (Years)	- 12	Fully Funded Balance	\$ 73,515
Estimated Replacement Year	- 2025	Depreciation This Year	\$ 5,655
Cost Source	- 1	Monthly Contribution	\$ 649
Depreciation Percent	- 12.49%		

Roofing		Composite Shingles	
Approximate Component Quantity	- 43500	Estimated Current Unit Cost	\$ 3.25
Unit of Measure	- SF	Estimated Total Current Cost	\$ 141,375
Normal Useful Life (Years)	- 25	Estimated Total Future Cost	\$ 207,614
Estimated Remaining Useful Life (Years)	- 13	Fully Funded Balance	\$ 67,860
Estimated Replacement Year	- 2026	Depreciation This Year	\$ 5,655
Cost Source	- 1	Monthly Contribution	\$ 649
Depreciation Percent	- 12.49%		

Roofing		Gutters & Downspouts	
Approximate Component Quantity	- 52	Estimated Current Unit Cost	\$ 1,050.00
Unit of Measure	- Each	Estimated Total Current Cost	\$ 54,600
Normal Useful Life (Years)	- 30	Estimated Total Future Cost	\$ 90,245
Estimated Remaining Useful Life (Years)	- 17	Fully Funded Balance	\$ 23,660
Estimated Replacement Year	- 2030	Depreciation This Year	\$ 1,820
Cost Source	- 1	Monthly Contribution	\$ 209
Depreciation Percent	- 4.02%		

Painting	Siding & Trim
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Approximate Component Quantity	-	52	Estimated Current Unit Cost	\$	1,650.00
Unit of Measure	-	Each	Estimated Total Current Cost	\$	85,800
Normal Useful Life (Years)	-	8	Estimated Total Future Cost	\$	93,756
Estimated Remaining Useful Life (Years)	-	3	Fully Funded Balance	\$	53,625
Estimated Replacement Year	-	2016	Depreciation This Year	\$	10,725
Cost Source	-	1	Monthly Contribution	\$	1,232
Depreciation Percent	-	23.68%			



Painting	Perimeter Fencing
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Approximate Component Quantity	-	2150	Estimated Current Unit Cost	\$	9.00
Unit of Measure	-	LF	Estimated Total Current Cost	\$	19,350
Normal Useful Life (Years)	-	8	Estimated Total Future Cost	\$	21,144
Estimated Remaining Useful Life (Years)	-	3	Fully Funded Balance	\$	12,094
Estimated Replacement Year	-	2016	Depreciation This Year	\$	2,419
Cost Source	-	1	Monthly Contribution	\$	278
Depreciation Percent	-	5.34%			

Asphalt	Slurry Seal & Repair
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Approximate Component Quantity	-	32600	Estimated Current Unit Cost	\$	0.17
Unit of Measure	-	SF	Estimated Total Current Cost	\$	5,542
Normal Useful Life (Years)	-	4	Estimated Total Future Cost	\$	5,542
Estimated Remaining Useful Life (Years)	-	0	Fully Funded Balance	\$	5,542
Estimated Replacement Year	-	2013	Depreciation This Year	\$	1,386
Cost Source	-	1	Monthly Contribution	\$	159
Depreciation Percent	-	3.06%			



Asphalt	Overlay & Replace
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Approximate Component Quantity	-	32600	Estimated Current Unit Cost	\$	1.35
Unit of Measure	-	SF	Estimated Total Current Cost	\$	44,010
Normal Useful Life (Years)	-	25	Estimated Total Future Cost	\$	62,748
Estimated Remaining Useful Life (Years)	-	12	Fully Funded Balance	\$	22,885
Estimated Replacement Year	-	2025	Depreciation This Year	\$	1,760
Cost Source	-	1	Monthly Contribution	\$	202
Depreciation Percent	-	3.89%			

Asphalt	Concrete Repairs
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Approximate Component Quantity	- 1	Estimated Current Unit Cost	\$ 10,000.00
Unit of Measure	- Allowance	Estimated Total Current Cost	\$ 10,000
Normal Useful Life (Years)	- 8	Estimated Total Future Cost	\$ 11,255
Estimated Remaining Useful Life (Years)	- 4	Fully Funded Balance	\$ 5,000
Estimated Replacement Year	- 2017	Depreciation This Year	\$ 1,250
Cost Source	- 1	Monthly Contribution	\$ 144
Depreciation Percent	- 2.76%		



Fencing/Rails	Perimeter Fencing Repairs
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Approximate Component Quantity	- 1	Estimated Current Unit Cost	\$ 10,000.00
Unit of Measure	- Allowance	Estimated Total Current Cost	\$ 10,000
Normal Useful Life (Years)	- 4	Estimated Total Future Cost	\$ 10,300
Estimated Remaining Useful Life (Years)	- 1	Fully Funded Balance	\$ 7,500
Estimated Replacement Year	- 2014	Depreciation This Year	\$ 2,500
Cost Source	- 1	Monthly Contribution	\$ 287
Depreciation Percent	- 5.52%		



Fencing/Rails	Patio Fencing Repairs
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Approximate Component Quantity	- 1	Estimated Current Unit Cost	\$ 8,000.00
Unit of Measure	- Allowance	Estimated Total Current Cost	\$ 8,000
Normal Useful Life (Years)	- 4	Estimated Total Future Cost	\$ 8,742
Estimated Remaining Useful Life (Years)	- 3	Fully Funded Balance	\$ 2,000
Estimated Replacement Year	- 2016	Depreciation This Year	\$ 2,000
Cost Source	- 1	Monthly Contribution	\$ 230
Depreciation Percent	- 4.42%		

Fencing/Rails	Patio Metal Gates
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Approximate Component Quantity	- 48	Estimated Current Unit Cost	\$ 225.00
Unit of Measure	- Each	Estimated Total Current Cost	\$ 10,800
Normal Useful Life (Years)	- 25	Estimated Total Future Cost	\$ 15,398
Estimated Remaining Useful Life (Years)	- 12	Fully Funded Balance	\$ 5,616
Estimated Replacement Year	- 2025	Depreciation This Year	\$ 432
Cost Source	- 1	Monthly Contribution	\$ 50
Depreciation Percent	- 0.95%		

Landscaping	Irrigation System Upgrade
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Approximate Component Quantity	- 1	Estimated Current Unit Cost	\$ 15,000.00
Unit of Measure	- Allowance	Estimated Total Current Cost	\$ 15,000
Normal Useful Life (Years)	- 6	Estimated Total Future Cost	\$ 15,914
Estimated Remaining Useful Life (Years)	- 2	Fully Funded Balance	\$ 10,000
Estimated Replacement Year	- 2015	Depreciation This Year	\$ 2,500
Cost Source	- 1	Monthly Contribution	\$ 287
Depreciation Percent	- 5.52%		

Landscaping	Landscape Replacements
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Approximate Component Quantity	- 1	Estimated Current Unit Cost	\$ 8,000.00
Unit of Measure	- Allowance	Estimated Total Current Cost	\$ 8,000
Normal Useful Life (Years)	- 8	Estimated Total Future Cost	\$ 9,004
Estimated Remaining Useful Life (Years)	- 4	Fully Funded Balance	\$ 4,000
Estimated Replacement Year	- 2017	Depreciation This Year	\$ 1,000
Cost Source	- 1	Monthly Contribution	\$ 115
Depreciation Percent	- 2.21%		

Lighting	Repairs & Replacements
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Approximate Component Quantity	- 1	Estimated Current Unit Cost	\$ 8,000.00
Unit of Measure	- Allowance	Estimated Total Current Cost	\$ 8,000
Normal Useful Life (Years)	- 20	Estimated Total Future Cost	\$ 10,751
Estimated Remaining Useful Life (Years)	- 10	Fully Funded Balance	\$ 4,000
Estimated Replacement Year	- 2023	Depreciation This Year	\$ 400
Cost Source	- 1	Monthly Contribution	\$ 46
Depreciation Percent	- 0.88%		

Lighting	Street Lights
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Approximate Component Quantity	-	4	Estimated Current Unit Cost	\$	800.00
Unit of Measure	-	Each	Estimated Total Current Cost	\$	3,200
Normal Useful Life (Years)	-	25	Estimated Total Future Cost	\$	4,562
Estimated Remaining Useful Life (Years)	-	12	Fully Funded Balance	\$	1,664
Estimated Replacement Year	-	2025	Depreciation This Year	\$	128
Cost Source	-	1	Monthly Contribution	\$	15
Depreciation Percent	-	0.28%			



Miscellaneous	Siding & Trim Replacements
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Approximate Component Quantity	-	1	Estimated Current Unit Cost	\$	10,000.00
Unit of Measure	-	Allowance	Estimated Total Current Cost	\$	10,000
Normal Useful Life (Years)	-	4	Estimated Total Future Cost	\$	10,927
Estimated Remaining Useful Life (Years)	-	3	Fully Funded Balance	\$	2,500
Estimated Replacement Year	-	2016	Depreciation This Year	\$	2,500
Cost Source	-	1	Monthly Contribution	\$	287
Depreciation Percent	-	5.52%			

Miscellaneous		Balcony Repairs	
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Approximate Component Quantity	- 1	Estimated Current Unit Cost	\$ 5,000.00
Unit of Measure	- Allowance	Estimated Total Current Cost	\$ 5,000
Normal Useful Life (Years)	- 20	Estimated Total Future Cost	\$ 5,000
Estimated Remaining Useful Life (Years)	- 0	Fully Funded Balance	\$ 5,000
Estimated Replacement Year	- 2013	Depreciation This Year	\$ 250
Cost Source	- 1	Monthly Contribution	\$ 29
Depreciation Percent	- 0.55%		



Miscellaneous		Entry Monuments	
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Approximate Component Quantity	- 1	Estimated Current Unit Cost	\$ 6,000.00
Unit of Measure	- Allowance	Estimated Total Current Cost	\$ 6,000
Normal Useful Life (Years)	- 20	Estimated Total Future Cost	\$ 8,063
Estimated Remaining Useful Life (Years)	- 10	Fully Funded Balance	\$ 3,000
Estimated Replacement Year	- 2023	Depreciation This Year	\$ 300
Cost Source	- 1	Monthly Contribution	\$ 34
Depreciation Percent	- 0.66%		



Disclaimer

This report attempts to determine the estimated remaining useful life of the components that can be visually observed. This report is expressly for the use of the client and only for the purpose of establishing reserve funding requirements. The study is not a guarantee or warranty, or a recommendation to purchase. Estimated remaining useful lives are calculated with reasonable consideration for weather conditions. Natural disasters, including seismic activity will not be addressed in this report. Reserve Funding for earthquake damages and other disasters exceeds the scope of the study. We recommend the development consider additional insurance to cover unforeseen disasters. We assume the components of the association will receive proper maintenance. The report is expressly for the use of the client and only for the purpose of establishing reserve funding requirements.

In providing the opinions of probable construction costs, the client understands that McCaffery Reserve Consulting (MRC) has no control over costs or the price of labor, equipment or materials, or over the contractor's method of pricing, and that the opinions of probable construction costs provided herein are to be made on the basis of MRC's qualifications and experience. MRC makes no warranty, expressed or implied, as to the accuracy of such opinions as compared to bid or actual costs.

Because the reserve study is a projection, the estimated lives and costs of components will likely change over time depending on a variety of factors such as future inflation rates and levels of maintenance applied by future boards, unknown defects in materials that may lead to premature failures, etc. As a result, some components may experience longer lives while others will experience premature failures. Some components may cost less at the time of replacement due to changes in manufacturing methods while others may cost more due to material shortages or high demand. All future projections are therefore theoretical and reserve studies should be updated annually.

MRC has made a reasonable effort to ensure that the report is accurate. This study does not preclude errors resulting from unforeseen conditions or circumstances. The scope of this report is expressly limited to the components described herein. MRC has obtained certain information, documentation and materials from the association agent and the reserve study is based upon the accuracy of such information. Material inaccuracies could adversely effect the reserve study. MRC is not responsible for such inaccuracies. This study is limited to a visual observation. There has been neither destructive testing nor inspection of the interior of private units; floors, wall or ceiling cavities, or structural elements. It is assumed that the components have been constructed per original construction documents and comply with applicable codes. This study is not designed to uncover latent or patent defects. Estimates represent replacement of a component with similar materials unless otherwise noted. Local building codes have not been researched to determine whether or not current ordinances will permit the replacement of any component with components of like material. The estimates do not take into account the abbreviated useful life of a component as a result of its original construction, installation, or design. MRC is not responsible for any claims, demands, or damages arising out of the discovery of asbestos, radon or any environmental claims, demands or damages. We do not assume any liability for damages which may result from this study. We are not responsible for conditions this report fails to disclose. The information contained in this study is deemed reliable as of the date of this study, but is not guaranteed.

The Association, by accepting this study, agrees to release MRC from any claims, demands or damages. The Association, in consideration of MRC performing the reserve study, hereby agrees to indemnify, defend and hold harmless MRC from and against any and all liability, damages, losses, claims, demands, or lawsuits arising out of or relating to this reserve study.

The information contained within the report is assembled in conjunction with the client and is intended to assist the client with its reserve planning. MRC does not guarantee, either explicitly or implied, that all repair and replacement items have been identified, the accuracy of the probable costs or the product lives associated with these items.