

**Arapahoe Ridge Townhomes
5401 - 5481 White Place
Boulder, CO 80303**



Level 1 Reserve Analysis

Report Period – 01/01/15 – 12/31/15



Client Reference Number - 5494

Property Type – Townhomes

Number of Units – 17

Fiscal Year End – December 31

**Draft
Version**

Date of Property Observation - June 24, 2014

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Report was prepared on - Thursday, September 25, 2014

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Introduction to the Reserve Analysis –

The elected officials of this association made a wise decision to invest in a Reserve Analysis to get a better understanding of the status of the Reserve funds. This Analysis will be a valuable tool to assist the Board of Directors in making the decision to which the dues are derived. Typically, the Reserve contribution makes up 15% - 40% of the association's total budget. Therefore, Reserves is considered to be a significant part of the overall monthly association payment.

Every association conducts its business within a budget. There are typically two main parts to this budget, Operating and Reserves. The Operating budget includes all expenses that are fixed on an annual basis. These would include management fees, maintenance fees, utilities, etc. The Reserves is primarily made up of Capital Replacement items such as asphalt, roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

The Reserve Analysis is also broken down into two different parts, the Physical Analysis and the Financial Analysis. The Physical Analysis is information regarding the physical status and replacement cost of major common area components that the association is responsible to maintain. It is important to understand that while the Component Inventory will remain relatively "stable" from year to year, the Condition Assessment and Life/Valuation Estimates will most likely vary from year to year. You can find this information in the **Component Inventory Section** (Section 2) of this Reserve Analysis. The **Financial Analysis Section** is the evaluation of the association's Reserve balance, income, and expenses. This is made up of a finding of the clients current Reserve Fund Status (measured as Percent Funded) and a recommendation for an appropriate Reserve Allocation rate (also known as the Funding Plan). You can find this information in Section 3 (pages 1 – 13) of this Reserve Analysis.

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

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

General Information and Answers to Frequently Asked Questions –

Why is it important to perform a Reserve Study?

As previously mentioned, the Reserve allocation makes up a significant portion of the total monthly dues. This report provides the essential information that is needed to guide the Board of Directors in establishing the budget in order to run the daily operations of your association. It is suggested that a third party professionally prepare a Reserve Study since there is no vested interest in the property. Also, a professional knows what to look for and how to properly develop an accurate and reliable component list.

Now that we have “it”, what do we do with “it”?

Hopefully, you will not look at this report and think it is too cumbersome to understand. Our intention is to make this Reserve Analysis very easy to read and understand. Please take the time to review it carefully and make sure the “main ingredients” (asset information) are complete and accurate. If there are any inaccuracies, please inform us immediately so we may revise the report.

Once you feel the report is an accurate tool to work from, use it to help establish your budget for the upcoming fiscal year. The Reserve allocation makes up a significant portion of the total monthly dues and this report should help you determine the correct amount of money to go into the Reserve fund. Additionally, the Reserve Study should act as a guide to obtain proposals in advance of pending normal maintenance and replacement projects. This will give you an opportunity to shop around for the best price available.

The Reserve Study should be readily available for Real Estate agents, brokerage firms, and lending institutions for potential future homeowners. As the importance of Reserves becomes more of a household term, people are requesting homeowners associations to reveal the strength of the Reserve fund prior to purchasing a condominium or townhome.

How often do we update or review “it”?

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has projections for the next 30 years. Just like any major line item in the budget, the Reserve Analysis should be reviewed *each year before* the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Aging rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the content of the Reserve Analysis. Therefore, this analysis should be reviewed annually, and a property observation should be conducted at least once every three years.

Is it the law to have a Reserve Study conducted?

The Government requires reserve analyses in approximately 20 states. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study is completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. This may not mean a Reserve Analysis is required, but how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think \$50,000 is a lot of money and they are in good shape. What they don't know is the roof will need to be replaced within 5 years, and the cost of the roof is going to exceed \$75,000. So while \$50,000 sounds like a lot of money, in reality it won't even cover the cost of a roof, let alone all the other amenities the association is responsible to maintain.

What makes an asset a “Reserve” item versus an “Operating” item?

A “Reserve” asset is an item that is the responsibility of the association to maintain, has a limited Useful Life, predictable Remaining Useful Life expectancies, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold cost. An “operating” expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a roof for damage caused by high winds or other weather elements would be considered an “operating” expense. However, if the entire roof needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a Reserve expense.

The GREY area of “maintenance” items that are often seen in a Reserve Study –

One of the most popular questions revolves around major “maintenance” items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a “capital” item, then it cannot be considered a Reserve issue. However, it is the opinion of several major Reserve Study providers that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to ignore a major expense that meets the criteria to be considered a Reserve component. Once explained in this context, many accountants tend to agree and will include any expenses, such as these examples, as a Reserve component.

The Property Observation –

The Property Observation was conducted following a review of the documents that were established by the developer identifying all common area assets. In some cases, the Board of Directors at some point may have revised the documents. In either case, the most current set of documents was reviewed prior to inspecting the property. In addition, common area assets may have been reported to Aspen Reserve Specialties by the client, or by other parties.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the observation. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the observation. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property.

The Reserve Fund Analysis –

We projected the starting balance from taking the most recent balance statement, adding expected Reserve contributions for the rest of the year, and subtracting any pending projects for the rest of the year. We compared this number to the ideal Reserve Balance and arrived at the Percent funded level. Measures of strength are as follows:

0% - 30% Funded – Is considered to be a “weak” financial position. Associations that fall into this category are subject to Special Assessments and deferred maintenance, which could lead to lower property values. If the association is in this position, actions should be taken to improve the financial strength of the Reserve Fund.

31% - 69% Funded – The majority of associations are considered to be in this “fair” financial position. While this doesn’t represent financial strength and stability, the likelihood of Special Assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the Reserve fund.

70% - 99% Funded – This indicates financial strength of a Reserve fund and every attempt to maintain this level should be a goal of the association.

100% Funded – This is the ideal amount of Reserve funding. This means that the association has the exact amount of funds in the Reserve account that should be at any given time.

Summary of Arapahoe Ridge Townhomes -

Assoc. ID #8795

Projected Starting Balance as of January 1, 2015 -	\$15,954
Ideal Reserve Balance as of January 1, 2015 -	\$115,826
Percent Funded as of January 1, 2015 -	14%
Recommended Reserve Allocation (per month) -	\$2,270
Minimum Reserve Allocation (per month) -	\$2,175
Recommended Special Assessments -	\$0

Information to complete this Reserve Analysis was gathered during a property observation of the common area elements on July 24, 2014. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representatives (Community Manager). To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property contains 17 townhomes on a property that was constructed over 35 years ago in 1978. The responsibilities of this association include maintenance of all exterior building surfaces (roofs, siding, painting, etc.), driveways, landscaping, and a small irrigation system. Please refer to page 11 of the Financial Analysis section for a list of when other components are scheduled to be addressed.

In comparing the projected balance of \$15,954 versus the ideal Reserve Balance of \$115,826, we find the association Reserve fund to be in a poor financial position at this point in time (approximately 14% funded of ideal). As a result of the information contained in this report, we find the current budgeted Reserve allocation (\$350 per month) to be less than adequate in increasing the strength of the Reserve fund to prepare for future projects. Therefore, we are recommending a major increase of the Reserve contribution to \$2,270 (representing an increase of approximately \$112.94 per unit) per month effective immediately, followed by nominal annual increases of 2.00% - 4.65% thereafter to help offset the effects of inflation. By following the recommendation, the plan will maintain the Reserve account in a positive manner, while gradually increasing to a fully funded position within the thirty-year period.

In the percent Funded graph, you will see we have also provided a "minimum Reserve contribution" of \$2,175 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where additional Special Assessments, deferred maintenance, and lower property values are possible at some point in the future. The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period.

This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (approximately \$5.59 on average per unit per month in this case) to the Reserve fund to only stay above a certain threshold. As you can see, the difference between the two scenarios is considered to be minimal, and based on the risk, we strongly suggest the recommended Reserve Allocation is followed.

Comp #: 105 Comp Shingle Roof - Replace



Observations:

- Roofs were reported to have been replaced in 2005 and appeared in good condition at time of observation with only minor loss of surface granules noted.
- Even though this roof may be rated as a 30 year roof, a life expectancy of 18 - 20 years is expected in this environment.
- Due to the potentially harsh winters, extensive freeze/thaw cycle, and likelihood of hail events over the useful life of the roof, we typically see associations replacing roofs sooner than the manufacturer's suggested useful life.

Location: Unit building roofs

Quantity: Approx. 255 squares

Life Expectancy: 25 *Remaining Life:* 15

Best Cost: \$76,500

\$300/square; Estimate to remove and replace

Worst Cost: \$89,250

\$350/squares; Higher estimate for more labor costs

Source of Information: Cost Database

General Notes:

5415 - 5431 - 30 squares
 5465 - 5481 - 30 squares
 5435 - 5451 - 30 squares
 5401 - 5421 - 40 squares
 5445 - 5471 - 40 squares
 (17) carports - 5 squares ea = 85 squares



Comp #: 120 Gutters/Downspouts - Replace



Observations:

- No reported problems or unusual conditions were noted at time of site evaluation.
- It is typical to replace gutters and downspouts at the same time as roofing materials. Therefore, the remaining life reflects the remaining life of the roof as well.
- We recommend cleaning debris out of lines at least once a year to prevent clogging and moisture retention that can lead to advanced deterioration.

Location: Unit building roof perimeter

Quantity: Approx. 2,285 LF

Life Expectancy: 25 Remaining Life: 15

Best Cost: \$12,000
\$5.25/LF; Estimate to replace

Worst Cost: \$13,725
\$6.00/LF: Higher estimate for larger lines

Source of Information: Cost Database

General Notes:

5415 - 5431 - r/g - 150 LF, d/s - 90 LF
 5465 - 5481 - r/g - 150 LF, d/s - 90 LF
 5435 - 5451 - r/g - 150 LF, d/s - 90 LF
 5401 - 5421 - r/g - 195 LF, d/s - 120 LF
 5445 - 5471 - r/g - 195 LF, d/s - 120 LF
 (17) carports - r/g - 20 LF, d/s - 35 LF each =
 935 LF

r/g - 1,180 LF
 d/s - 1,105 LF

Total - 2,285 LF



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



Observations:

- Paint on the unit buildings appeared in fair condition with evidence of fading noted in several areas, especially on South facing walls.
- It is generally recommended that hardboard siding is repainted every 5 - 7 years in this environment when properly maintained.
- Due to overall appearance, we have recommended the maximum useful life of 7 years for repainting.

Location: 5415-5431, 5465-5481 & 5435-5451

General Notes:

Quantity: (9) units

Life Expectancy: 7 Remaining Life: 2

Best Cost: \$9,900

\$1100/unit; Estimate to repaint

Worst Cost: \$11,250

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

Source of Information: Cost Database

5415 - 5431 - 2,545 GSF
 5465 - 5481 - 2,545 GSF
 5435 - 5451 - 2,545 GSF
 5401 - 5421 - 3,400 GSF
 5445 - 5471 - 3,400 GSF
 (17) carports - 515 GSF ea = 8,755 GSF

Total - 23,190 GSF

NOTE: Siding on the carports was figured by measuring the original design on unit #5415 and multiplying the quantity by (17) units per the HOA documents. The additional walls and garage doors are the responsibility of homeowners who have converted their carports to garages.



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



Observations:

- Paint on the unit buildings appeared in fair condition with evidence of fading noted in several areas, especially on South facing walls.
- It is generally recommended that hardboard siding is repainted every 5 - 7 years in this environment when properly maintained.
- Due to overall appearance, we have recommended the maximum useful life of 7 years for repainting.

Location: 5401 - 5421 and 5445 - 5471

General Notes:

Quantity: (8) units

5415 - 5431 - 2,545 GSF
 5465 - 5481 - 2,545 GSF
 5435 - 5451 - 2,545 GSF
 5401 - 5421 - 3,400 GSF
 5445 - 5471 - 3,400 GSF
 (17) carports - 515 GSF ea = 8,755 GSF
 Total - 23,190 GSF

Life Expectancy: 7 Remaining Life: 1

Best Cost: \$8,800
\$1100/unit; Estimate to repaint

Worst Cost: \$10,000
\$1250/unit; Higher estimate for more prep costs

NOTE: Siding on the carports was figured by measuring the original design on unit #5415 and multiplying the quantity by (17) units per the HOA documents. The additional walls and garage doors are the responsibility of homeowners who have converted their carports to garages.

Source of Information: Cost Database



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



Observations:

- This line item is an allowance for major repairs to the siding and trim that is not considered part of routine paint prep.
- In order to avoid complete siding replacement in the future, we recommend reserving to make major repairs to the siding immediately prior to repainting.
- If deterioration rates change, we can adjust cost and/or frequency in future updates of this report.

Location: 5415-5431, 5465-5481 & 5435-5451

General Notes:

Quantity: (9) units

5415 - 5431 - 2,545 GSF
 5465 - 5481 - 2,545 GSF
 5435 - 5451 - 2,545 GSF
 5401 - 5421 - 3,400 GSF
 5445 - 5471 - 3,400 GSF
 (17) carports - 515 GSF ea = 8,755 GSF

Life Expectancy: 7 Remaining Life: 2

Best Cost: \$2,250
\$250/unit; Allowance for major repairs

Total - 23,190 GSF

Worst Cost: \$2,700
\$300/unit; Higher allowance for more repairs.

NOTE: Siding on the carports was figured by measuring the original design on unit #5415 and multiplying the quantity by (17) units per the HOA documents. The additional walls and garage doors are the responsibility of homeowners who have converted their carports to garages.

Source of Information: Cost Database



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



Observations:

- This line item is an allowance for major repairs to the siding and trim that is not considered part of routine paint prep.
- In order to avoid complete siding replacement in the future, we recommend reserving to make major repairs to the siding immediately prior to repainting.
- If deterioration rates change, we can adjust cost and/or frequency in future updates of this report.

Location: 5401 - 5421 and 5445 - 5471

General Notes:

Quantity: (8) units

5415 - 5431 - 2,545 GSF
 5465 - 5481 - 2,545 GSF
 5435 - 5451 - 2,545 GSF
 5401 - 5421 - 3,400 GSF
 5445 - 5471 - 3,400 GSF
 (17) carports - 515 GSF ea = 8,755 GSF
 Total - 23,190 GSF

Life Expectancy: 7 Remaining Life: 1

Best Cost: \$2,000
\$250/unit; Allowance for major repairs

Worst Cost: \$2,400
\$300/unit; Higher allowance for more repairs.

Source of Information: Cost Database

NOTE: Siding on the carports was figured by measuring the original design on unit #5415 and multiplying the quantity by (17) units per the HOA documents. The additional walls and garage doors are the responsibility of homeowners who have converted their carports to garages.



Comp #: 306 Brick - Replace



Observations:

- Due to the long useful life and the unlikely event that all will fail and require replacement at the same time, we do not recommend reserving for replacement at this time.
- Reserve funding is not necessary for brick replacement at this time.

Location: Unit buliding exterior cladding

Quantity: Approx. 6,945 GSF

Life Expectancy: N/A Remaining Life:

Best Cost: \$0

Worst Cost: \$0

Source of Information: Cost Database

General Notes:

- 5415 - 5431 - 1,215 GSF
- 5465 - 5481 - 1,215 GSF
- 5435 - 5451 - 1,215 GSF
- 5401 - 5421 - 1,650 GSF
- 5445 - 5471 - 1,650 GSF



Comp #: 403 Concrete - Repair/Replace



Observations:

- The concrete on site appeared in poor condition with extensive cracking, spalling, and signs of settling noted.
- It is unlikely that all concrete will fail and need to be replaced at the same time, therefore, we recommend reserving to replace approximately 15% of the area (2,540 GSF) every 5 years.
- Coordinate this project with other concrete and/or asphalt projects for best cost estimates based on quantity of work.

Location: Community drive/parking

Quantity: Approx. 16,925 GSF

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

Best Cost: \$21,600

Allowance to replace 15% of area every 5 yrs.

Worst Cost: \$23,500

Higher allowance for more repairs

Source of Information: Cost Database

General Notes:

drive concrete - 13,360 GSF
 curb/gutter - 750 GSF
 sidewalks - 2,815 GSF

Comp #: 803 Mailboxes - Replace



Observations:

- Due to the low quantity of mailboxes on site and the relatively low replacement cost of individual kiosks, we do not recommend reserving for replacement at this time (see general notes box for approximate costs).
- No reserve funding necessary for this component at this time.

Location: Common areas

Quantity: Approx. (3) CBU's

Life Expectancy: N/A *Remaining Life:*

Best Cost: \$0

Worst Cost: \$0

General Notes:

- (1) 7 box CBU - \$510 - \$560
- (2) 5 box CBU's - \$375 - \$400/ea

Source of Information:

Comp #: 1001 Wood Fencing - Replace



Observations:

- The fencing on site appeared in poor aesthetic condition at time of observation with a very distressed appearance however, the fence seemed stable and very few warped boards were noted.
- The typical useful life for a cedar fence is 20 - 25 years, however, based on current conditions we have extended the useful life to 30 years.
- Replacement costs for unit fencing can vary depending on the contractor due to the increased labor of installing new posts in the same location as the old posts (at corners, gates and the ends of fence lines).

Location: Unit building back yards/perimeter

Quantity: Approx. 935 LF

Life Expectancy: 30 **Remaining Life:** 5

Best Cost: \$30,850
\$33/LF; Estimate to replace

Worst Cost: \$35,550
\$38/LF: Higher estimate for better quality

Source of Information: Cost Database

General Notes:

5415 - 5431 - 145 LF
 5465 - 5481 - 135 LF
 5435 - 5451 - 145 LF
 5401 - 5421 - 195 LF
 5445 - 5471 - 190 LF
 West perimeter - 125 LF



Comp #: 1602 Exterior Wall Mount - Replace



Observations:

- Light fixtures differed from unit to unit leading us to believe that replacement is the responsibility of the individual homeowners.
- Due to the differing fixtures, we do not recommend reserving to replace the light fixtures at this time.
- If the association decides to assume responsibility for replacing the exterior fixtures, expect costs of \$4,250 - \$5,100 every 15 - 16 years.

Location: Unit building exterior lighting

Quantity: Approx. (34) fixtures

Life Expectancy: N/A Remaining Life:

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

- 5415 - 5431 - (6) fixtures
- 5465 - 5481 - (6) fixtures
- 5435 - 5451 - (6) fixtures
- 5401 - 5421 - (8) fixtures
- 5445 - 5471 - (8) fixtures

Comp #: 1701 Irrigation System - Major Repairs



Observations:

- It was reported by the contractor that the system is aged but in good to fair condition.
- This line item is for repairs and replacement that lie outside the scope of routine maintenance: bulk sprinkler head replacement, bulk valve replacement, rerouting lateral lines, rewiring, etc.
- In order to ensure the funds are available for major repairs, we recommend reserving funds for these projects every 2 - 3 years.
- The funding on this line item is for major repairs and is not to be interpreted as complete irrigation system replacement.

Location: Throughout community

General Notes:

Quantity: Moderate sized system

Life Expectancy: 3 Remaining Life: 1

Best Cost: \$5,700

Allowance for major repairs to the system

Worst Cost: \$6,300

Higher allowance for more repairs

Source of Information: Research with contractor

Empty rectangular box for general notes.

Comp #: 1703 Irrigation Controllers - Replace



Observations:

- Due to the low quantity of controllers on site as well as the relatively low replacement cost of this controller, we do not recommend reserving for replacement at this time.
- Replace this controller on an as needed basis using operating funds, no reserve funds necessary.

Location: Common areas

Quantity: (1) controller

Life Expectancy: N/A *Remaining Life:*

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

(1) Hunter X-Core controller

(1) Rainbird Pro (vacated)

NOTE: It was reported that there are an additional (3) battery operated clocks in the ground controlling the system, these can be replaced individually on an as needed basis using operating funds.

Comp #: 1801 Landscaping - Refurbish



Observations:

- In researching this component with the association's contractor, it was reported that the only pressing issues are the trees with no concerns regarding the plants, shrubs and turf.
- At this time, we do not recommend reserving for landscape refurbishment; if deterioration rates change in the future, we can add funding for landscape refurbishment in future updates of this report.

Location: **Common areas**

Quantity: **Moderate area**

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

Best Cost: **\$0**

Worst Cost: **\$0**

General Notes:

Source of Information:

Comp #: 1804 Tree - Replacement



Observations:

- It was reported that tree replacement is not a major concern for the association at this time, however, pruning and trimming is necessary for the preservation of the building exterior surfaces.
- Trimming and pruning should be done on an annual basis using operating funds, no reserve funding necessary.

Location: Common areas

Quantity: Numerous trees

Life Expectancy: N/A *Remaining Life:*

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

Comp #: 1805 Landscape Timbers - Replace



Observations:

- These timbers are in very poor condition with extensive rot and signs of shifting timbers noted.
- We recommend replacing these timbers as soon as possible and within this fiscal year (2015) in order to restore appearance and function.

Location: East side of property

Quantity: Approx. 180 GSF

Life Expectancy: 35 **Remaining Life:** 0

Best Cost: \$3,600
\$20/GSF; Estimate to replace

Worst Cost: \$4,500
\$25/GSF; Higher estimate for more labor/material

Source of Information: Cost Database

General Notes:

Empty rectangular box for general notes.

Funding Summary For Arapahoe Ridge Townhomes

Beginning Assumptions

Financial Information Source	Research With Client
# of units	17
Fiscal Year End	December 31, 2015
Monthly Dues from 2014 budget	\$3,485.00
Monthly Reserve Allocation from 2014 Budget	\$350.00
Projected Starting Reserve Balance (as of 1/1/2015)	\$15,954
Reserve Balance: Average Per Unit	\$938
Ideal Starting Reserve Balance (as of 1/1/2015)	\$115,826
Ideal Reserve Balance: Average Per Unit	\$6,813

Economic Factors

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

Current Reserve Status

Current Balance as a % of Ideal Balance	14%
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Recommendations for 2015 Fiscal Year

Monthly Reserve Allocation	\$2,270
Per Unit	\$133.53
Minimum Monthly Reserve Allocation	\$2,175
Per Unit	\$127.94
Primary Annual Increases	2.00%
# of Years	15
Secondary Annual Increases	4.65%
# of Years	15
Special Assessment	\$0
Per Unit	\$0

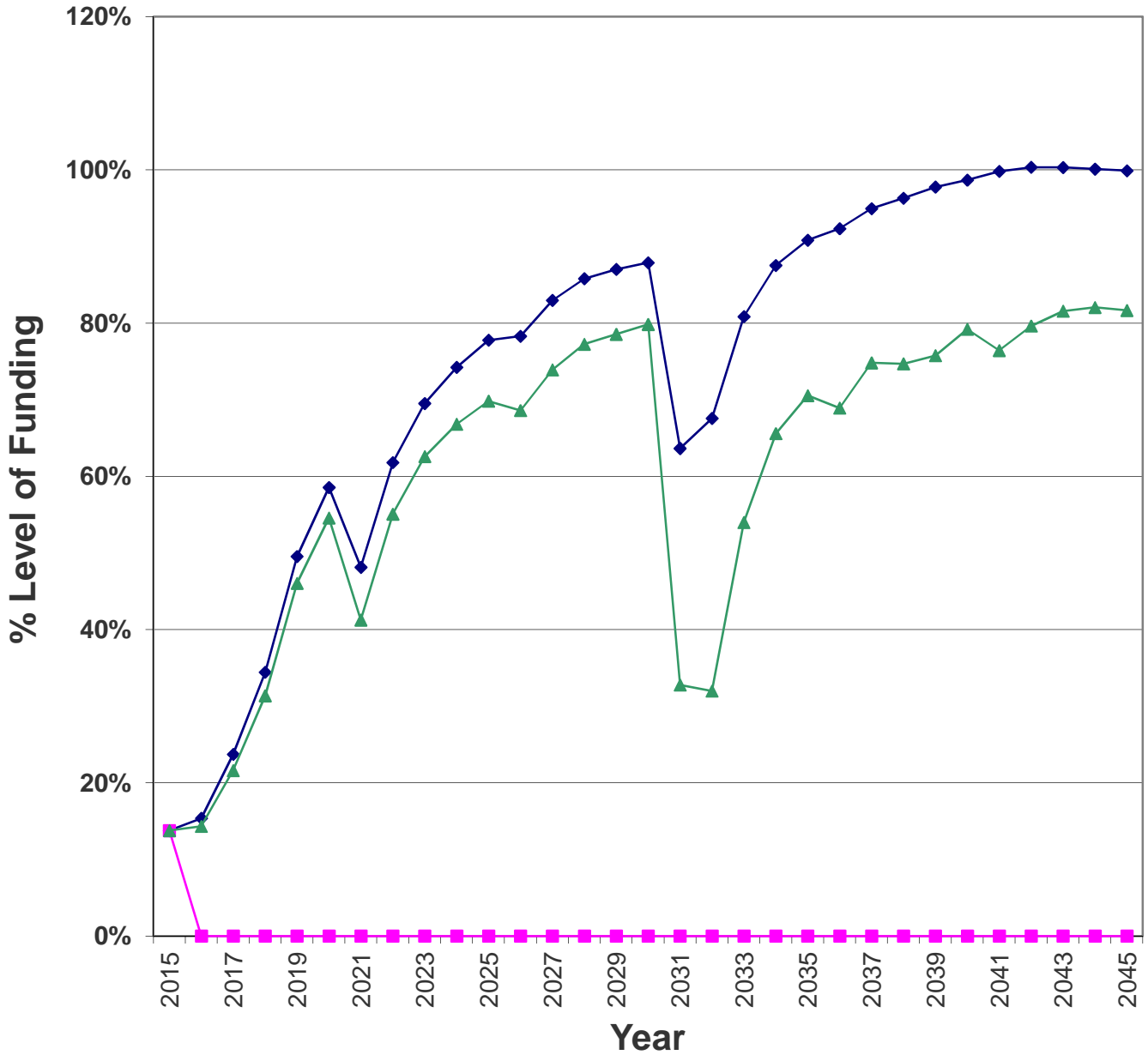
Changes From Prior Year (2014 to 2015)

Increase/Decrease to Reserve Allocation	\$1,920
as Percentage	549%
Per Unit	\$112.94

Percent Funded Graph For Arapahoe Ridge Townhomes

Percent Funded

- Recommended
- Monthly Reserve Allocation from 2014 Budget
- Minimum



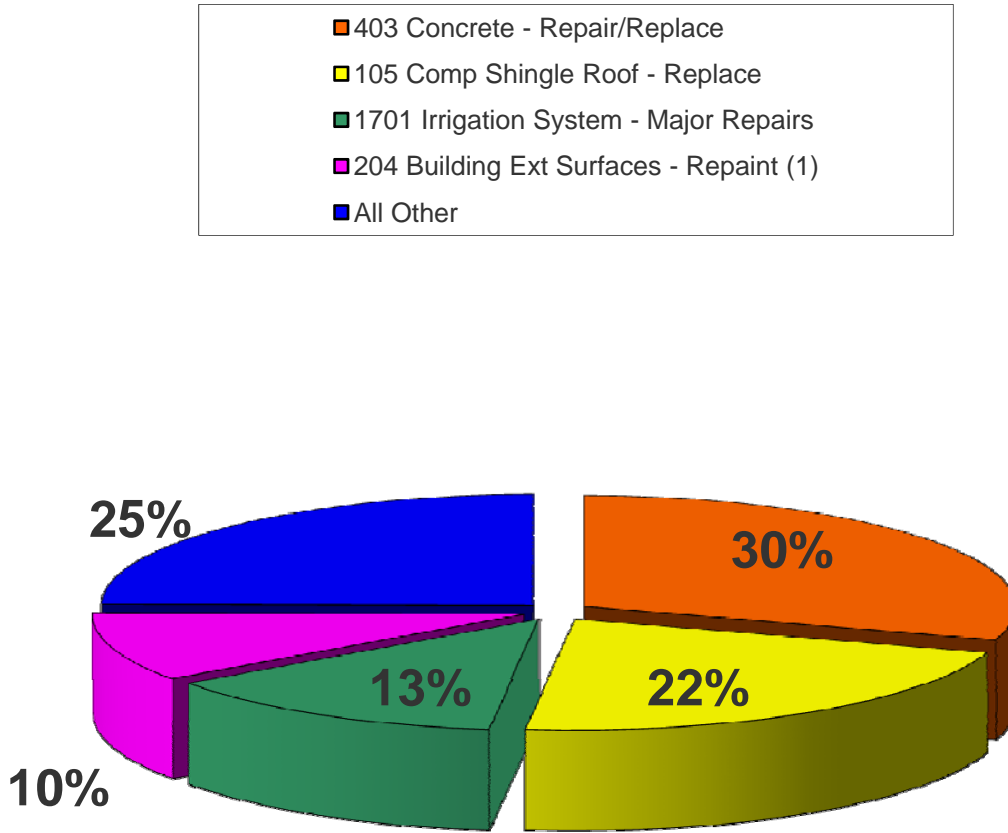
Component Inventory for Arapahoe Ridge Townhomes

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	105	Comp Shingle Roof - Replace	25	15	\$76,500	\$89,250
	120	Gutters/Downspouts - Replace	25	15	\$12,000	\$13,725
Painted Surfaces	204	Building Ext Surfaces - Repaint (1)	7	2	\$9,900	\$11,250
	205	Building Ext Surfaces - Repaint (2)	7	1	\$8,800	\$10,000
Siding Materials	301	Hardboard Siding - Major Repairs (1)	7	2	\$2,250	\$2,700
	302	Hardboard Siding - Major Repairs (2)	7	1	\$2,000	\$2,400
	306	Brick - Replace	N/A		\$0	\$0
Drive Materials	403	Concrete - Repair/Replace	5	0	\$21,600	\$23,500
Prop. Identification	803	Mailboxes - Replace	N/A		\$0	\$0
Fencing/Walls	1001	Wood Fencing - Replace	30	5	\$30,850	\$35,550
Light Fixtures	1602	Exterior Wall Mount - Replace	N/A		\$0	\$0
Irrig. System	1701	Irrigation System - Major Repairs	3	1	\$5,700	\$6,300
	1703	Irrigation Controllers - Replace	N/A		\$0	\$0
Landscaping	1801	Landscaping - Refurbish	N/A		\$0	\$0
	1804	Tree - Replacement	N/A		\$0	\$0
	1805	Landscape Timbers - Replace	35	0	\$3,600	\$4,500

Significant Components For Arapahoe Ridge Townhomes

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Comp Shingle Roof - Replace	25	15	\$82,875	\$3,315	21.9779%
120	Gutters/Downspouts - Replace	25	15	\$12,863	\$515	3.4111%
204	Building Ext Surfaces - Repaint (1)	7	2	\$10,575	\$1,511	10.0158%
205	Building Ext Surfaces - Repaint (2)	7	1	\$9,400	\$1,343	8.9029%
301	Hardboard Siding - Major Repairs (1)	7	2	\$2,475	\$354	2.3441%
302	Hardboard Siding - Major Repairs (2)	7	1	\$2,200	\$314	2.0837%
403	Concrete - Repair/Replace	5	0	\$22,550	\$4,510	29.9006%
1001	Wood Fencing - Replace	30	5	\$33,200	\$1,107	7.3370%
1701	Irrigation System - Major Repairs	3	1	\$6,000	\$2,000	13.2597%
1805	Landscape Timbers - Replace	35	0	\$4,050	\$116	0.7672%

Significant Components Graph For Arapahoe Ridge Townhomes



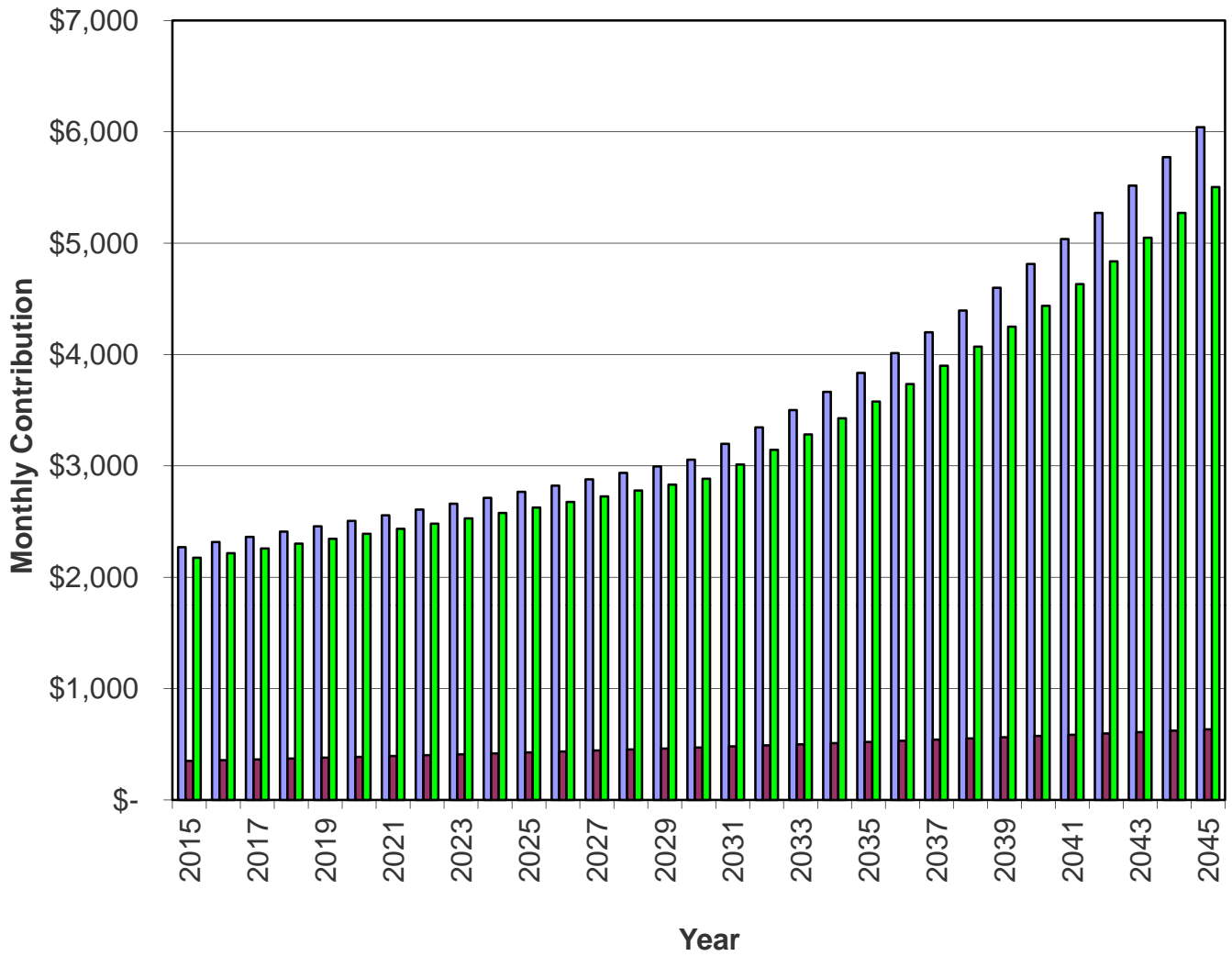
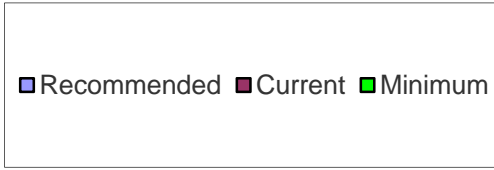
Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
403	Concrete - Repair/Replace	5	0	\$22,550	\$4,510	30%
105	Comp Shingle Roof - Replace	25	15	\$82,875	\$3,315	22%
1701	Irrigation System - Major Repairs	3	1	\$6,000	\$2,000	13%
204	Building Ext Surfaces - Repaint (1)	7	2	\$10,575	\$1,511	10%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$3,748	25%

Yearly Summary For Arapahoe Ridge Townhomes

Fiscal Year	Start	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2015		\$115,826	\$15,954	14%	\$27,240	\$0	\$163	\$26,600
2016		\$109,003	\$16,757	15%	\$27,785	\$0	\$216	\$18,392
2017		\$111,160	\$26,366	24%	\$28,340	\$0	\$336	\$14,251
2018		\$118,483	\$40,791	34%	\$28,907	\$0	\$555	\$0
2019		\$141,801	\$70,253	50%	\$29,485	\$0	\$818	\$7,155
2020		\$159,502	\$93,402	59%	\$30,075	\$0	\$740	\$69,475
2021		\$113,721	\$54,743	48%	\$30,677	\$0	\$704	\$0
2022		\$139,365	\$86,123	62%	\$31,290	\$0	\$981	\$8,165
2023		\$158,553	\$110,230	70%	\$31,916	\$0	\$1,185	\$16,496
2024		\$170,865	\$126,834	74%	\$32,554	\$0	\$1,340	\$19,394
2025		\$181,711	\$141,335	78%	\$33,205	\$0	\$1,364	\$44,337
2026		\$168,034	\$131,567	78%	\$33,870	\$0	\$1,492	\$0
2027		\$201,175	\$166,929	83%	\$34,547	\$0	\$1,850	\$0
2028		\$236,959	\$203,326	86%	\$35,238	\$0	\$2,166	\$10,633
2029		\$264,443	\$230,097	87%	\$35,943	\$0	\$2,492	\$0
2030		\$305,534	\$268,531	88%	\$36,661	\$0	\$1,619	\$251,369
2031		\$87,106	\$55,443	64%	\$38,366	\$0	\$556	\$38,526
2032		\$82,643	\$55,839	68%	\$40,150	\$0	\$763	\$0
2033		\$119,673	\$96,752	81%	\$42,017	\$0	\$1,183	\$0
2034		\$159,869	\$139,952	88%	\$43,971	\$0	\$1,557	\$13,847
2035		\$188,969	\$171,634	91%	\$46,016	\$0	\$1,682	\$54,384
2036		\$178,655	\$164,947	92%	\$48,155	\$0	\$1,899	\$0
2037		\$226,418	\$215,002	95%	\$50,395	\$0	\$2,180	\$46,352
2038		\$229,681	\$221,224	96%	\$52,738	\$0	\$2,307	\$35,916
2039		\$245,864	\$240,353	98%	\$55,190	\$0	\$2,692	\$0
2040		\$302,260	\$298,235	99%	\$57,757	\$0	\$2,855	\$85,805
2041		\$273,567	\$273,042	100%	\$60,442	\$0	\$3,047	\$0
2042		\$335,381	\$336,531	100%	\$63,253	\$0	\$3,698	\$0
2043		\$402,205	\$403,482	100%	\$66,194	\$0	\$4,282	\$20,578
2044		\$452,859	\$453,381	100%	\$69,272	\$0	\$4,694	\$41,575

Reserve Contributions For Arapahoe Ridge Townhomes

Reserve Contributions



Component Funding Information For Arapahoe Ridge Townhomes

ID	Component Name	Ave Current Cost	Ideal Balance	Current Fund Balance	Monthly
105	Comp Shingle Roof - Replace	\$82,875	\$33,150	\$0	\$498.90
120	Gutters/Downspouts - Replace	\$12,863	\$5,145	\$0	\$77.43
204	Building Ext Surfaces - Repaint (1)	\$10,575	\$7,554	\$0	\$227.36
205	Building Ext Surfaces - Repaint (2)	\$9,400	\$8,057	\$0	\$202.10
301	Hardboard Siding - Major Repairs (1)	\$2,475	\$1,768	\$0	\$53.21
302	Hardboard Siding - Major Repairs (2)	\$2,200	\$1,886	\$0	\$47.30
403	Concrete - Repair/Replace	\$22,550	\$22,550	\$15,954	\$678.74
1001	Wood Fencing - Replace	\$33,200	\$27,667	\$0	\$166.55
1701	Irrigation System - Major Repairs	\$6,000	\$4,000	\$0	\$300.99
1805	Landscape Timbers - Replace	\$4,050	\$4,050	\$0	\$17.41

Yearly Cash Flow For Arapahoe Ridge Townhomes

Year	2015	2016	2017	2018	2019
Starting Balance	\$15,954	\$16,757	\$26,366	\$40,791	\$70,253
<i>Reserve Income</i>	\$27,240	\$27,785	\$28,340	\$28,907	\$29,485
<i>Interest Earnings</i>	\$163	\$216	\$336	\$555	\$818
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$43,357	\$44,758	\$55,042	\$70,253	\$100,557
Reserve Expenditures	\$26,600	\$18,392	\$14,251	\$0	\$7,155
Ending Balance	\$16,757	\$26,366	\$40,791	\$70,253	\$93,402

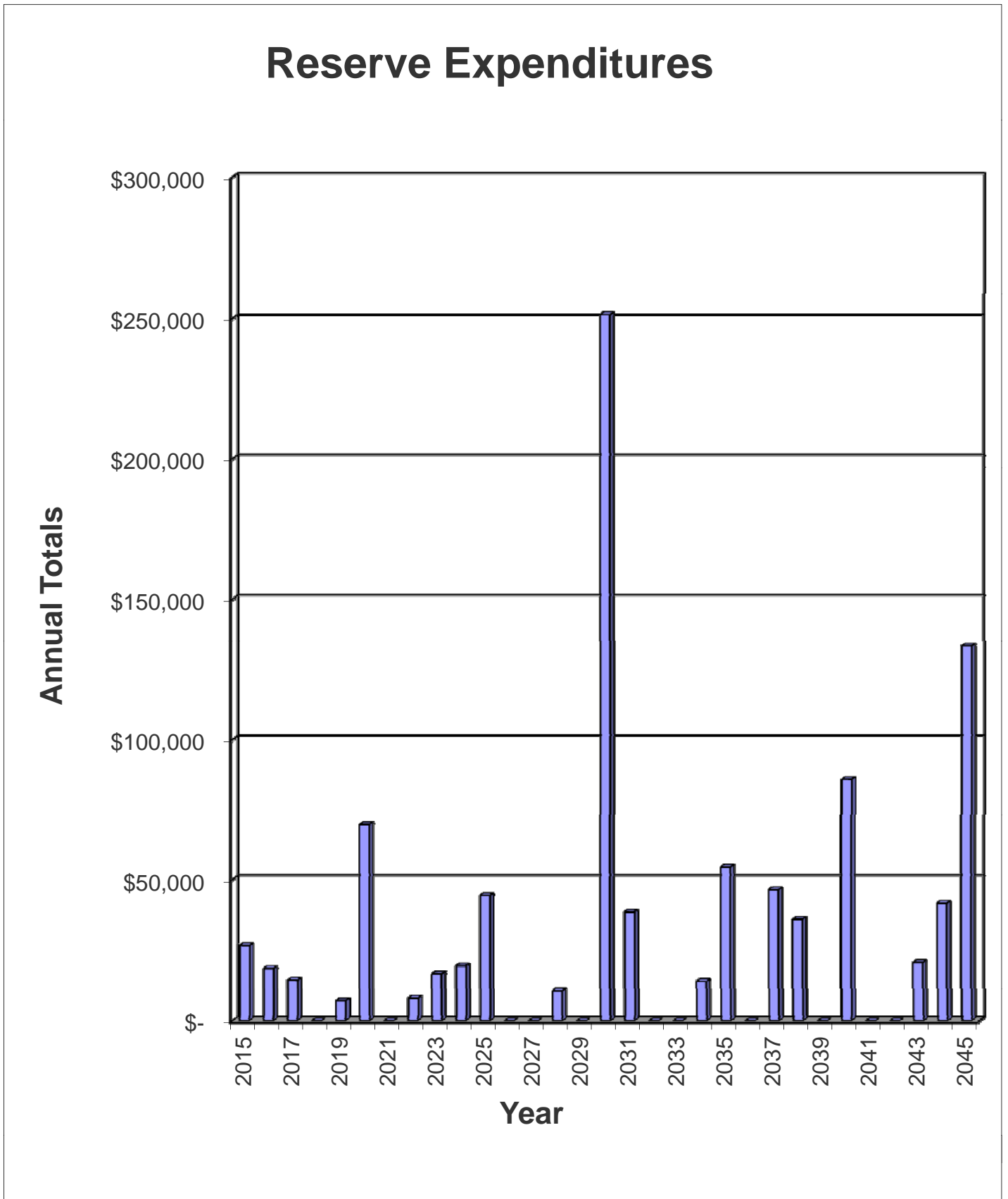
Year	2020	2021	2022	2023	2024
Starting Balance	\$93,402	\$54,743	\$86,123	\$110,230	\$126,834
<i>Reserve Income</i>	\$30,075	\$30,677	\$31,290	\$31,916	\$32,554
<i>Interest Earnings</i>	\$740	\$704	\$981	\$1,185	\$1,340
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$124,217	\$86,123	\$118,395	\$143,330	\$160,729
Reserve Expenditures	\$69,475	\$0	\$8,165	\$16,496	\$19,394
Ending Balance	\$54,743	\$86,123	\$110,230	\$126,834	\$141,335

Year	2025	2026	2027	2028	2029
Starting Balance	\$141,335	\$131,567	\$166,929	\$203,326	\$230,097
<i>Reserve Income</i>	\$33,205	\$33,870	\$34,547	\$35,238	\$35,943
<i>Interest Earnings</i>	\$1,364	\$1,492	\$1,850	\$2,166	\$2,492
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$175,904	\$166,929	\$203,326	\$240,730	\$268,531
Reserve Expenditures	\$44,337	\$0	\$0	\$10,633	\$0
Ending Balance	\$131,567	\$166,929	\$203,326	\$230,097	\$268,531

Year	2030	2031	2032	2033	2034
Starting Balance	\$268,531	\$55,443	\$55,839	\$96,752	\$139,952
<i>Reserve Income</i>	\$36,661	\$38,366	\$40,150	\$42,017	\$43,971
<i>Interest Earnings</i>	\$1,619	\$556	\$763	\$1,183	\$1,557
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$306,812	\$94,365	\$96,752	\$139,952	\$185,481
Reserve Expenditures	\$251,369	\$38,526	\$0	\$0	\$13,847
Ending Balance	\$55,443	\$55,839	\$96,752	\$139,952	\$171,634

Year	2035	2036	2037	2038	2039
Starting Balance	\$171,634	\$164,947	\$215,002	\$221,224	\$240,353
<i>Reserve Income</i>	\$46,016	\$48,155	\$50,395	\$52,738	\$55,190
<i>Interest Earnings</i>	\$1,682	\$1,899	\$2,180	\$2,307	\$2,692
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$219,331	\$215,002	\$267,576	\$276,269	\$298,235
Reserve Expenditures	\$54,384	\$0	\$46,352	\$35,916	\$0
Ending Balance	\$164,947	\$215,002	\$221,224	\$240,353	\$298,235

Year	2040	2041	2042	2043	2044
Starting Balance	\$298,235	\$273,042	\$336,531	\$403,482	\$453,381
<i>Reserve Income</i>	\$57,757	\$60,442	\$63,253	\$66,194	\$69,272
<i>Interest Earnings</i>	\$2,855	\$3,047	\$3,698	\$4,282	\$4,694
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$358,847	\$336,531	\$403,482	\$473,959	\$527,347
Reserve Expenditures	\$85,805	\$0	\$0	\$20,578	\$41,575
Ending Balance	\$273,042	\$336,531	\$403,482	\$453,381	\$485,772



Projected Reserve Expenditures For Arapahoe Ridge Townhomes

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2015	403	Concrete - Repair/Replace	\$22,550	\$26,600
	1805	Landscape Timbers - Replace	\$4,050	
2016	205	Building Ext Surfaces - Repaint (2)	\$9,823	\$18,392
	302	Hardboard Siding - Major Repairs (2)	\$2,299	
	1701	Irrigation System - Major Repairs	\$6,270	
2017	204	Building Ext Surfaces - Repaint (1)	\$11,548	\$14,251
	301	Hardboard Siding - Major Repairs (1)	\$2,703	
2018		No Expenditures Projected		\$0
2019	1701	Irrigation System - Major Repairs	\$7,155	\$7,155
2020	403	Concrete - Repair/Replace	\$28,101	\$69,475
	1001	Wood Fencing - Replace	\$41,373	
2021		No Expenditures Projected		\$0
2022	1701	Irrigation System - Major Repairs	\$8,165	\$8,165
2023	205	Building Ext Surfaces - Repaint (2)	\$13,368	\$16,496
	302	Hardboard Siding - Major Repairs (2)	\$3,129	
2024	204	Building Ext Surfaces - Repaint (1)	\$15,715	\$19,394
	301	Hardboard Siding - Major Repairs (1)	\$3,678	
2025	403	Concrete - Repair/Replace	\$35,019	\$44,337
	1701	Irrigation System - Major Repairs	\$9,318	
2026		No Expenditures Projected		\$0
2027		No Expenditures Projected		\$0
2028	1701	Irrigation System - Major Repairs	\$10,633	\$10,633
2029		No Expenditures Projected		\$0
2030	105	Comp Shingle Roof - Replace	\$160,387	\$251,369
	120	Gutters/Downspouts - Replace	\$24,893	
	205	Building Ext Surfaces - Repaint (2)	\$18,192	
	302	Hardboard Siding - Major Repairs (2)	\$4,258	
	403	Concrete - Repair/Replace	\$43,641	
2031	204	Building Ext Surfaces - Repaint (1)	\$21,387	\$38,526
	301	Hardboard Siding - Major Repairs (1)	\$5,005	
	1701	Irrigation System - Major Repairs	\$12,134	
2032		No Expenditures Projected		\$0
2033		No Expenditures Projected		\$0
2034	1701	Irrigation System - Major Repairs	\$13,847	\$13,847
2035	403	Concrete - Repair/Replace	\$54,384	\$54,384
2036		No Expenditures Projected		\$0
2037	205	Building Ext Surfaces - Repaint (2)	\$24,756	\$46,352
	302	Hardboard Siding - Major Repairs (2)	\$5,794	
	1701	Irrigation System - Major Repairs	\$15,802	
2038	204	Building Ext Surfaces - Repaint (1)	\$29,104	\$35,916
	301	Hardboard Siding - Major Repairs (1)	\$6,812	
2039		No Expenditures Projected		\$0
2040	403	Concrete - Repair/Replace	\$67,773	\$85,805
	1701	Irrigation System - Major Repairs	\$18,033	
2041		No Expenditures Projected		\$0
2042		No Expenditures Projected		\$0
2043	1701	Irrigation System - Major Repairs	\$20,578	\$20,578
2044	205	Building Ext Surfaces - Repaint (2)	\$33,690	\$41,575
	302	Hardboard Siding - Major Repairs (2)	\$7,885	
2045	204	Building Ext Surfaces - Repaint (1)	\$39,607	\$133,333
	301	Hardboard Siding - Major Repairs (1)	\$9,270	
	403	Concrete - Repair/Replace	\$84,457	

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

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

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

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

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

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

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

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

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

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

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

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

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

Funding Plan – An associations plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

Funding Principles –

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

Life and Valuation Estimates – The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

Percent Funded – The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual* (or *projected*) Reserve Balance to the accrued *Fund Balance*, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) – Also referred to as “Remaining Life” (RL). The estimated time, in years, that a reserve component can be expected to *continue* to serve its intended function. Projects anticipated to occur in the initial year have “0” Remaining Useful Life.

Replacement Cost – The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

Reserve Balance – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components in which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. This is based upon information provided and is not audited.

Reserve Provider – An individual that prepares Reserve Studies. Also known as **Aspen Reserve Specialties**.

Reserve Study – A budget-planning tool that identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

Special Assessment – An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

Surplus – An actual (or projected) Reserve Balance that is greater than the Fully Funded Balance.

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