



Kipling Sun Townhome Association, Inc.

C/O PROFESSIONAL MANAGEMENT ASSOCIATES, INC.

12381 E. Cornell Avenue AURORA, COLORADO 80014 Phone (303) 750-0994, Fax (303) 750-1612

www.kiplingsun.net

PROFESSIONAL RESERVE FUND REVIEW—2010

Kipling Sun's Capital Asset Reserve Fund (CARF) is a 30 year analysis of the costs of maintaining our community assets. This spreadsheet provides for assumed inflation and supports our annual contributions to the Reserve Fund which pays for the periodic costs to maintain, improve or replace the community's common assets. Since costs and even useful lives of these assets can change over time, the CARF should be independently reviewed approximately every five years. Accordingly, in 2010, the Board retained 'Association Reserves of Colorado' (AR) to critically look over the CARF's projected costs and useful lives.

The CARF was initially established with an on-site visit by a similar engineering services company. A second on-site review was subsequently conducted. Accordingly, the Board elected an economical 'no site visit review.' Association Reserves' (AR) report is posted elsewhere on this website. Upon review, your Board modified AR's report as follows:

Grading and drainage: This routine maintenance item, in an ongoing program, is best addressed as an annual budget in the CARF with targeted expenditures of approximately \$2000/year which is in accordance with the committee estimates.

Siding and Trim replacement: Without benefit of an on-site visit, the AR study assumed total replacement of our building sidings, assigning remaining useful lives of 5 years for the older units in Phase 1. Additionally the costs of siding replacement have risen sharply from \$231,000 to \$462,000. After consulting with Murata Coating systems, the Association's building painting & siding contractor, the Board determined that because of our 5 year cycle-painting routine, which includes replacing any deteriorated siding/trim, the remaining useful lives of our building siding is 15 and 25 years for Phase 1 and 2, respectively. This change helped to lower the required annual contributions to the Reserve Fund.