

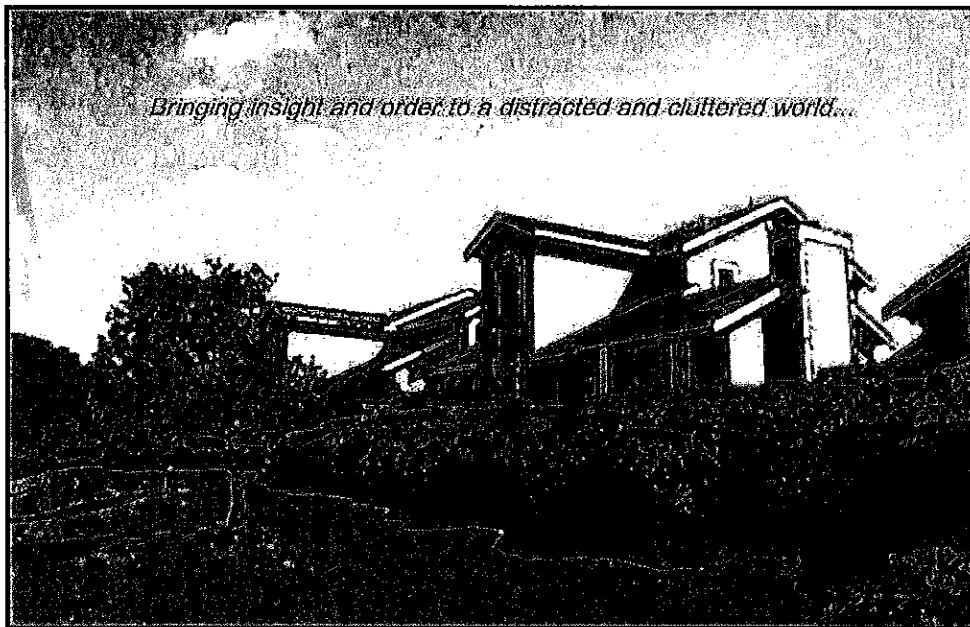
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Update “No-Site-Visit” Reserve Study



Kipling Sun Townhome Assoc. Littleton, CO

Report #: 20371-0
For Period Beginning: January 1, 2010
Ending: December 31, 2010

Date Prepared: April 19, 2010

Hello, and welcome to your Reserve Study!

This Report is a valuable budget planning tool, for with it you control the future of your association. It contains all the fundamental information needed to understand your current and future Reserve obligations, the most significant expenditures your association will face.

With respect to Reserves, this Report will tell you “where you are” and “where to go from here”.

In this Report, you will find...

- 1) A List of What you’re Reserving For**
- 2) An Evaluation of your Reserve Fund Size and Strength**
- 3) A Recommended Multi-Year Reserve Funding Plan**

More Questions?

Visit our website at www.ReserveStudy.com or call us at:

800/733-1365



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3-Minute Executive Summary

Association: Kipling Sun Townhome Assoc. **Assoc. #:** 20371-0
Location: Littleton, CO
of Units: 120
Report Period: January 1, 2010 through December 31, 2010

Results

Projected Starting Reserve Balance:	\$340,244
Fully Funded Reserve Balance:	\$600,296
Average Reserve Deficit (Surplus) Per Unit:	\$2,167
Percent Funded:	56.7%
Recommended 2010 monthly Reserve Contribution:	\$9,000
Recommended Special Assessment this year:	\$0
Most Recent Reserve Contribution Rate:	\$6,354

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves.....0.01%
Annual Inflation Rate3.00%

- This is an "Update No-Site-Visit" Reserve Study, based on a prior Report prepared by Borne Engineering for your 2005 Fiscal Year. No site inspection was performed as part of this Reserve Study.
- This Reserve Study was prepared by, or under the supervision of, a credentialed Reserve Specialist (RS).
- Because your Reserve Fund is above 30%, at 56.7% Funded, this represents a mid-range position. In perspective, associations in the 0-30% funded are more likely to experience deferred maintenance or special assessments. While associations that are 70% funded and above are less likely to experience any cash flow issues. Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or "Fully Funded".
- Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions.

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
1	Asphalt - Reseal/Older Section	5	2	\$3,150	\$3,342
2	Asphalt - Reseal/Newer Section	5	4	\$4,700	\$5,290
3	Asphalt - Mill and Overlay/Older Section	20	16	\$37,700	\$60,497
4	Asphalt - Mill and Overlay/Newer Section	20	18	\$56,550	\$96,273
5	Concrete - Drain Pans - Replace/Older	5	2	\$2,750	\$2,917
6	Concrete - Drain Pans - Replace/Newer	5	4	\$3,750	\$4,221
7	Concrete - Driveways, Parking, Walkways	1	0	\$15,000	\$15,450
8	Entrance Monument - Refurbish	10	1	\$5,000	\$5,150
9	Signage - Replace	10	1	\$1,250	\$1,288
10	Timber Retaining Wall - Replace	10	5	\$1,250	\$1,449
11	Wood Fencing - Replace Bowles	20	20	\$7,500	\$13,546
12	Wood Fencing - Replace Phase 1 East	20	19	\$17,250	\$30,248
13	Wood Fencing - Replace Phase 2 East	20	5	\$17,250	\$19,997
14	Irrigation Controllers - Replacement	8	1	\$2,500	\$2,575
15	Irrigation System - Replace/Upgrade	3	0	\$3,000	\$3,278
16	Landscaping - Replace/Trim/	5	2	\$30,000	\$31,827
17	Siding and Trim - Replace Phase 1	30	5	\$138,250	\$160,270
18	Siding and Trim - Replace Phase 2	30	15	\$323,750	\$504,392
19	Siding and Trim - Paint/ Repairs	1	0	\$21,000	\$21,630
20	Brick Veneer - Replace	5	3	\$1,500	\$1,639
21	Wood Stairs - Replace	20	6	\$21,000	\$25,075
22	Asphalt Shingles - Replace	30	20	\$627,000	\$1,132,432
23	Gutters and Downspouts - Replace	2	1	\$2,500	\$2,575
23	Total Funded Components				

Note: a Useful Life of "N/A" means a one-time expense, not expected to repeat.

Introduction

A Reserve Study is the art and science of anticipating, and preparing for, an association's major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a process of research and analysis along well defined methodologies.

In this Report you will find the Reserve Component List (what you are reserving for). It contains our estimates for Useful Life, Remaining Useful Life, and the current repair or replacement cost for each major component the association is obligated to maintain. Based on that List and your starting balance we computed the association's Reserve Fund Strength (measured as "Percent Funded"), and created a recommended multi-year Reserve Funding Plan to offset future Reserve expenses.

Reserve Study

- Component List
- Reserve Fund Strength
- Recommended Contribs

As the physical assets age and deteriorate, it is important to accumulate financial assets to keep the two "in balance". A stable Reserve Funding Plan that offsets the irregular Reserve expenses will ensure that each owner pays their own "fair share" of ongoing common area deterioration.

Methodology

First we establish what the projected expenses are, then we determine the association's financial status and create a Funding Plan. For this "Update No-Site-Visit" Reserve Study, we started with a review of your prior Reserve Study, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs Reserves), and research into any well-established association precedents. We adjusted life and cost factors based on time since the last Reserve Study and interviews with association representatives.

Reserve Study Types

- Full
- Update With-Site-Visit
- ⇒ • Update No-Site-Visit

Which Physical Assets are Covered by Reserves?

There is a national-standard four-part test to determine which expenses should be funded through Reserves. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the limited life must be predictable (or it by definition is a "surprise" which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost. This limits Reserve Components to major, predictable expenses. Within this framework, it is inappropriate to include "lifetime" components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.

Reserve Components
<ul style="list-style-type: none">• Common Area• Limited Useful Life• Predictable Life Limit• Cost must be Significant

How are Useful Life and Remaining Useful Life established?

- 1) Reported Condition (wear and age since last report)
- 2) Association Reserves database of experience
- 3) Client Component History
- 4) Vendor Evaluation and Recommendation

How are Cost Estimates Established?

Financial projections are based on the average of our Best Case and Worst Case estimates, which are established in this order...

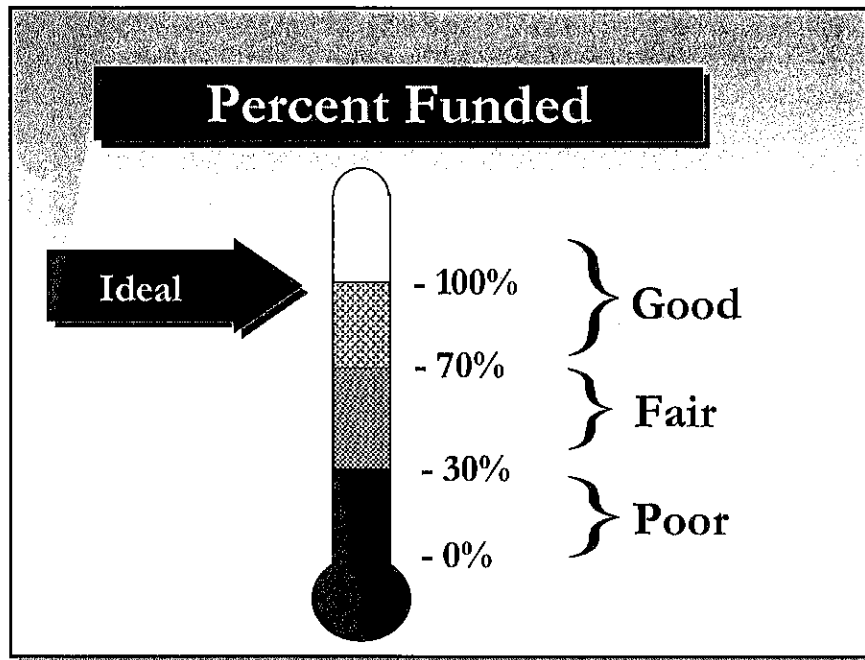
- 1) Client Cost History
- 2) Comparison to Association Reserves database or work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

How much Reserves are enough?

Your Reserve cash Balance can measure reserves, but the true measure is whether the funds are adequate. Adequacy is measured in a two-step process:

- 1) Calculate the association's Fully Funded Balance (FFB)
- 2) Compare to the Reserve Fund Balance, and express as a percentage.

The FFB grows as assets age and the Reserve needs of the association increase, but shrinks when projects are accomplished and the Reserve needs of the association decrease. The Fully Funded Balance changes each year, and is a moving but predictable target.



Special assessments and deferred maintenance are common when the Percent Funded is below 30%. While the 100% point is Ideal, a Reserve Fund in the 70% - 130% range is considered "strong" because in this range cash flow problems are rare.

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!

How much should we contribute?

There are four Funding Principles that we balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. A stable contribution rate is desirable because it is a hallmark of a proactive plan.

Reserve contributions that are evenly distributed over the owners, over the years, enable each owner to pay their “fair share” of the association’s Reserve expenses (this means we recommend special assessments only when all other options have been exhausted). And finally, we develop a plan that is fiscally responsible and “safe” for Boardmembers to recommend to their association.

Funding Principles

- Sufficient Cash
- Stable Contribution Rate
- Evenly Distributed
- Fiscally Responsible

What is our Funding Goal?

Maintaining the Reserve Fund at a level equal to the physical deterioration that has occurred is called “Full Funding” the Reserves (100% Funded). As each asset ages and becomes “used up”, the Reserve Fund grows proportionally. This is simple, responsible, and our recommendation. As stated previously, associations in the 100% range rarely experience special assessments or deferred maintenance.

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. In these associations, deterioration occurs without matching Reserve contributions. With a low Percent Funded, special assessments and deferred maintenance are common.

Threshold Funding is the title of all other objectives randomly selected between Baseline Funding and Full Funding.

Funding Goals

- Full Funding
- Threshold Funding
- Baseline Funding

Projected Expenses

The figure below shows the array of the projected future expenses at your association. This figure clearly shows the near term and future expenses that your association will face. Note the large expense in approximately 2030, made up primarily of roofing expenses.

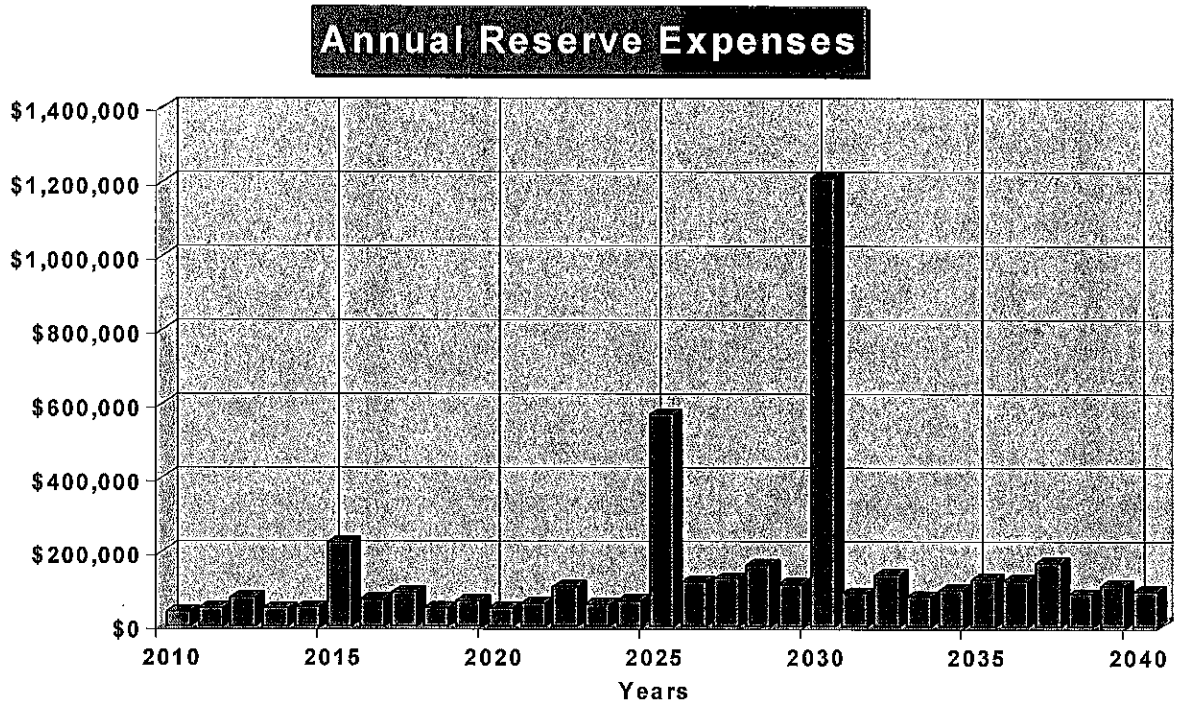


figure 1

A summary of this information is shown in Table 4, while details of the projects that make up this information are shown in Table 5. Since this is a projection about future events that may or may not take place as anticipated, we feel more certain about "near-term" projects than those many years away. While this Reserve Study is a one-year document, it is based on 30 years worth of looking forward into the future.

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$340,244 as-of the start of your Fiscal Year on January 1, 2010. This is based on your actual balance on 1/31/10 of \$340,244.15. As of January 1, 2010, your Fully Funded Balance is computed to be \$600,296 (see Table 3). This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 57% Funded. As indicated earlier in the Executive Summary, this represents a mid-range status.

Recommended Funding Plan

Based on your current Percent Funded and your projected cash flow requirements, we are recommending Reserve contributions of \$9,000/month this Fiscal Year. This represents the first year of a 30-year Funding Plan. This same information is shown numerically in both Table 4 and Table 5.

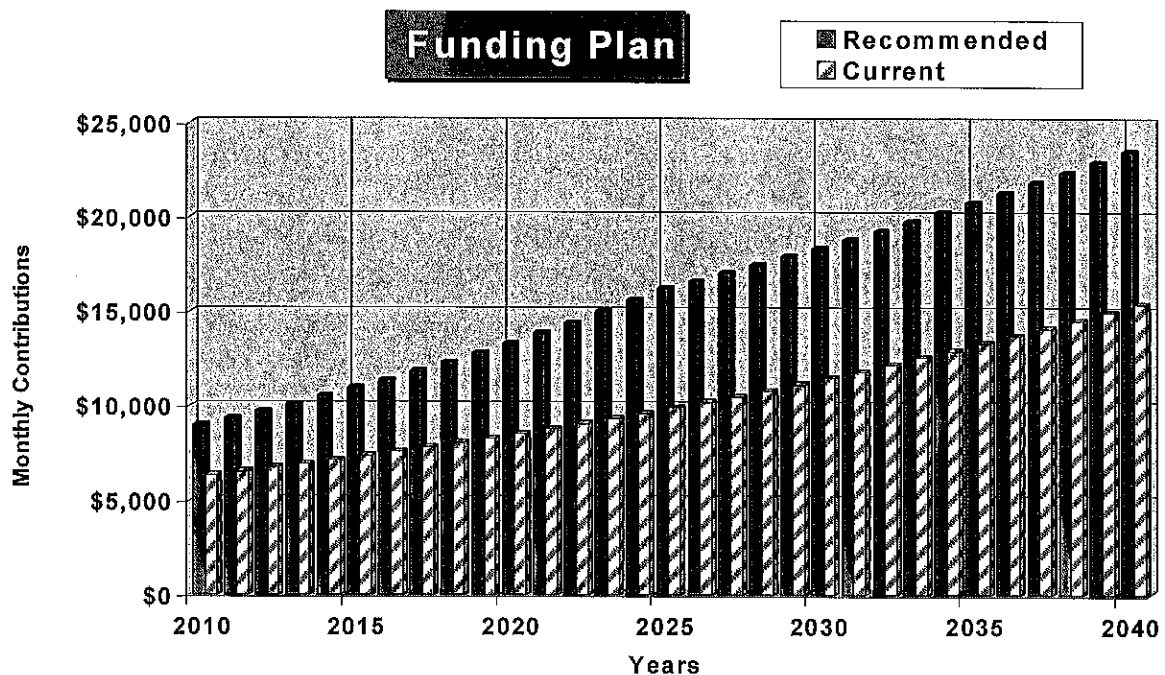


Figure 2

The following chart shows your Reserve Balance under our recommended Funding Plan and your current Funding Plan, and your always-changing Fully Funded Balance target.

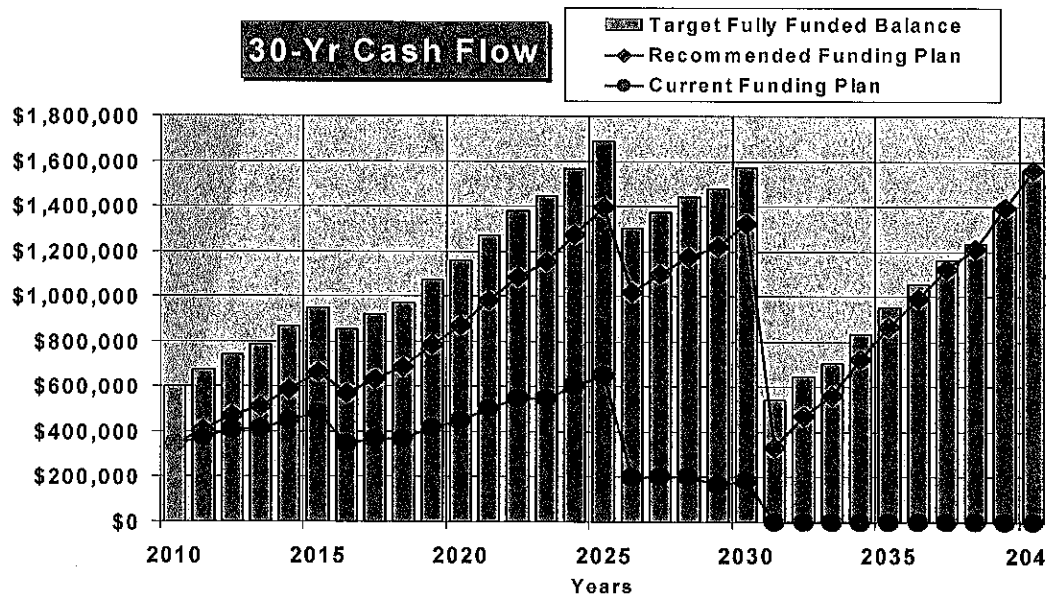


Figure 3

In this figure it is easy to see how your Reserve Fund gradually draws closer to the Fully Funded (100%) level.

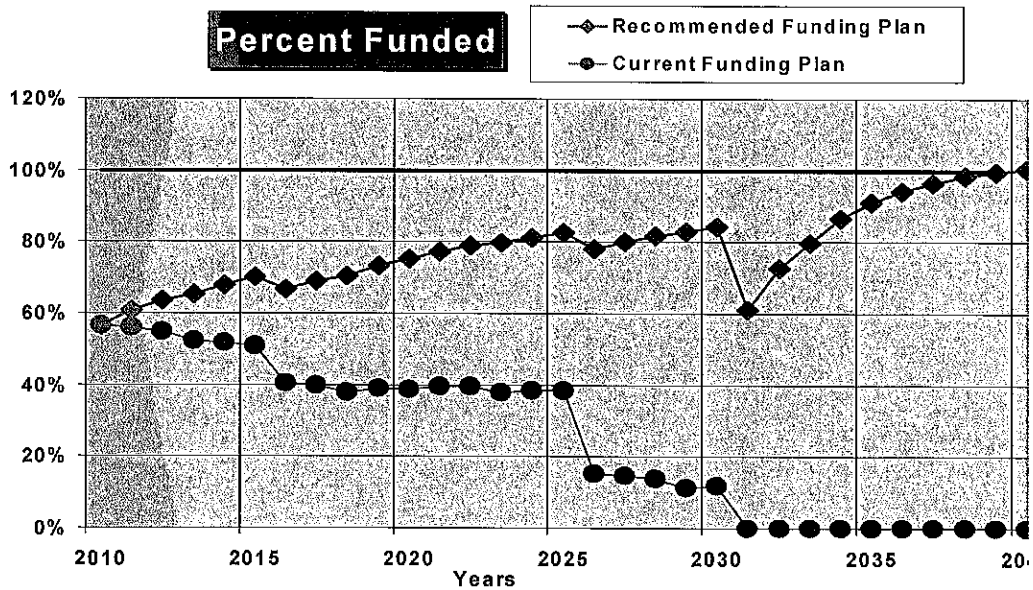


Figure 4

Table Descriptions

The tabular information in this Report is broken down into five tables.

Table 1 summarizes your funded Reserve Components, and is part of the Executive Report summary that appeared earlier in this Report.

Table 2 provides the main component description, life, and cost factors for all components determined to be appropriate for Reserve designation. This table represents the core information from which all other tables are derived.

Table 3 is presented primarily as an accounting summary page. The results of the individual line item Fully Funded Balance computations are shown. These individual quantities are summed to arrive at the Fully Funded Balance for the association as of the start date of the Report. The figures in the Current Fund Balance column and the Monthly Reserve Contribution column show our distribution throughout the line items. If the association is underfunded, Reserve Funds are distributed first to components with a short Remaining Useful Life. If the association's Reserve Balance is above 100% Funded, funds are distributed evenly for all components. Contribution rates for each component are a proportionate distribution of the total contribution on the basis of the component's significance to the association (current cost divided by useful life). This presentation is not meant to cause clients to redistribute association funds, it simply presents one way to evenly distribute the total among all the different line items.

Table 4: This table provides a one-page 30-year summary of the cash flowing into and out of the association, compared to the Fully Funded Balance for each year.

Table 5: This table shows the cash flow detail for the next 30 years. This table makes it possible to see what components are projected to require repair or replacement each year, and the size of those individual expenses.

Table 2: Reserve Component List Detail**20371-0**

#	Component	Quantity	Useful Life	Rem.	Best Cost	Current
				Useful Life		Worst Cost
1	Asphalt - Reseal/Older Section	Apprx 23,200 GSF	5	2	\$2,800	\$3,500
2	Asphalt - Reseal/Newer Section	Apprx 34,800 GSF	5	4	\$4,200	\$5,200
3	Asphalt - Mill and Overlay/Older Section	Apprx 23,200 GSF	20	16	\$34,800	\$40,600
4	Asphalt - Mill and Overlay/Newer Section	Apprx 34,800 GSF	20	18	\$52,200	\$60,900
5	Concrete - Drain Pans - Replace/Older	Apprx 2020	5	2	\$2,500	\$3,000
6	Concrete - Drain Pans - Replace/Newer	Apprx 3030	5	4	\$3,500	\$4,000
7	Concrete - Driveways, Parking, Walkways	Numerous GSF	1	0	\$14,000	\$16,000
8	Entrance Monument - Refurbish	(1) Monument Sign	10	1	\$4,000	\$6,000
9	Signage - Replace	Numerous	10	1	\$1,000	\$1,500
10	Timber Retaining Wall - Replace	Apprx 600	10	5	\$1,000	\$1,500
11	Wood Fencing - Replace Bowles	Approx 400 LF	20	20	\$7,000	\$8,000
12	Wood Fencing - Replace Phase 1 East	Approx 750 LF	20	19	\$16,500	\$18,000
13	Wood Fencing - Replace Phase 2 East	Approx 750 LF	20	5	\$16,500	\$18,000
14	Irrigation Controllers - Replacement	Ongoing Replace/upgrade	8	1	\$2,000	\$3,000
15	Irrigation System - Replace/Upgrade	Numerous	3	0	\$2,500	\$3,500
16	Landscaping - Replace/Trim/	Numerous Trees/Veg.	5	2	\$28,000	\$32,000
17	Siding and Trim - Replace Phase 1	Apprx 27,750 GSF	30	5	\$111,000	\$165,500
18	Siding and Trim - Replace Phase 2	Apprx 64,750 GSF	30	15	\$259,000	\$388,500
19	Siding and Trim - Paint/ Repairs	Apprx 92,500 GSF	1	0	\$20,000	\$22,000
20	Brick Veneer - Replace	Numerous GSF	5	3	\$1,400	\$1,600
21	Wood Stairs - Replace	7 Units	20	6	\$17,500	\$24,500
22	Asphalt Shingles - Replace	Apprx 220,000 GSF	30	20	\$616,000	\$638,000
23	Gutters and Downspouts - Replace	Ongoing Replace/Repairs	2	1	\$2,000	\$3,000
23	Total Funded Components					

Table 3: Contribution and Fund Breakdown**20371-0**

#	Component	Useful Life	Rem. Useful Life	Current (Avg) Cost	Fully Funded Balance	Current Fund Balance	Reserve Contributions
1	Asphalt - Reseal/Older Section	5	2	\$3,150	\$1,890	\$1,890.00	\$61.45
2	Asphalt - Reseal/Newer Section	5	4	\$4,700	\$940	\$940.00	\$91.69
3	Asphalt - Mill and Overlay/Older Section	20	16	\$37,700	\$7,540	\$0.00	\$183.86
4	Asphalt - Mill and Overlay/Newer Section	20	18	\$56,550	\$5,655	\$0.00	\$275.79
5	Concrete - Drain Pans - Replace/Older	5	2	\$2,750	\$1,650	\$1,650.00	\$53.65
6	Concrete - Drain Pans - Replace/Newer	5	4	\$3,750	\$750	\$750.00	\$73.15
7	Concrete - Driveways, Parking, Walkways	1	0	\$15,000	\$15,000	\$15,000.00	\$1,463.10
8	Entrance Monument - Refurbish	10	1	\$5,000	\$4,500	\$4,500.00	\$48.77
9	Signage - Replace	10	1	\$1,250	\$1,125	\$1,125.00	\$12.19
10	Timber Retaining Wall - Replace	10	5	\$1,250	\$625	\$625.00	\$12.19
11	Wood Fencing - Replace Bowles	20	20	\$7,500	\$0	\$0.00	\$0.00
12	Wood Fencing - Replace Phase 1 East	20	19	\$17,250	\$863	\$0.00	\$84.13
13	Wood Fencing - Replace Phase 2 East	20	5	\$17,250	\$12,938	\$12,937.50	\$84.13
14	Irrigation Controllers - Replacement	8	1	\$2,500	\$2,188	\$2,187.50	\$30.48
15	Irrigation System - Replace/Upgrade	3	0	\$3,000	\$3,000	\$3,000.00	\$97.54
16	Landscaping - Replace/Trim/	5	2	\$30,000	\$18,000	\$18,000.00	\$585.24
17	Siding and Trim - Replace Phase 1	30	5	\$138,250	\$115,208	\$115,208.33	\$449.50
18	Siding and Trim - Replace Phase 2	30	15	\$323,750	\$161,875	\$124,880.82	\$1,052.62
19	Siding and Trim - Paint/ Repairs	1	0	\$21,000	\$21,000	\$21,000.00	\$2,048.34
20	Brick Veneer - Replace	5	3	\$1,500	\$600	\$600.00	\$29.26
21	Wood Stairs - Replace	20	6	\$21,000	\$14,700	\$14,700.00	\$102.42
22	Asphalt Shingles - Replace	30	20	\$627,000	\$209,000	\$0.00	\$2,038.58
23	Gutters and Downspouts - Replace	2	1	\$2,500	\$1,250	\$1,250.00	\$121.92
23	Total Funded Components				\$600,296	\$340,244	\$9,000

Table 4: 30-Year Reserve Plan Summary

20371-0

Fiscal Year Beginning: 01/01/10

Interest:	0.0%	Inflation:	3.0%
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Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	Annual Reserve Contribs.	Loans or Special Assmts	Interest Income	Projected Reserve Expenses
2010	\$340,244	\$600,296	56.7%	Fair	\$108,000	\$0	\$37	\$39,000
2011	\$409,282	\$673,559	60.8%	Fair	\$112,320	\$0	\$44	\$48,668
2012	\$472,978	\$741,925	63.8%	Fair	\$116,813	\$0	\$49	\$76,279
2013	\$513,562	\$786,852	65.3%	Fair	\$121,485	\$0	\$55	\$46,987
2014	\$588,115	\$866,333	67.9%	Fair	\$126,345	\$0	\$63	\$50,029
2015	\$664,493	\$948,194	70.1%	Strong	\$131,399	\$0	\$62	\$226,348
2016	\$569,605	\$854,125	66.7%	Fair	\$136,654	\$0	\$60	\$71,643
2017	\$634,677	\$919,897	69.0%	Fair	\$142,121	\$0	\$66	\$91,503
2018	\$685,361	\$970,607	70.6%	Strong	\$147,805	\$0	\$74	\$47,504
2019	\$785,736	\$1,071,677	73.3%	Strong	\$153,718	\$0	\$83	\$68,435
2020	\$871,101	\$1,157,846	75.2%	Strong	\$159,866	\$0	\$93	\$48,381
2021	\$982,679	\$1,270,991	77.3%	Strong	\$166,261	\$0	\$103	\$61,944
2022	\$1,087,099	\$1,377,407	78.9%	Strong	\$172,911	\$0	\$112	\$106,789
2023	\$1,153,333	\$1,444,789	79.8%	Strong	\$179,828	\$0	\$121	\$58,741
2024	\$1,274,541	\$1,567,763	81.3%	Strong	\$187,021	\$0	\$133	\$67,235
2025	\$1,394,461	\$1,689,882	82.5%	Strong	\$194,502	\$0	\$121	\$570,995
2026	\$1,018,089	\$1,301,121	78.2%	Strong	\$199,364	\$0	\$106	\$118,267
2027	\$1,099,292	\$1,371,468	80.2%	Strong	\$204,349	\$0	\$114	\$127,104
2028	\$1,176,650	\$1,439,417	81.7%	Strong	\$209,457	\$0	\$120	\$165,221
2029	\$1,221,006	\$1,474,875	82.8%	Strong	\$214,694	\$0	\$127	\$112,575
2030	\$1,323,252	\$1,570,496	84.3%	Strong	\$220,061	\$0	\$83	\$1,210,998
2031	\$332,398	\$542,631	61.3%	Fair	\$225,563	\$0	\$40	\$88,829
2032	\$469,172	\$644,933	72.7%	Strong	\$231,202	\$0	\$52	\$137,768
2033	\$562,657	\$705,223	79.8%	Strong	\$236,982	\$0	\$64	\$78,943
2034	\$720,760	\$833,396	86.5%	Strong	\$242,906	\$0	\$79	\$96,456
2035	\$867,289	\$953,027	91.0%	Strong	\$248,979	\$0	\$93	\$124,580
2036	\$991,781	\$1,053,098	94.2%	Strong	\$255,203	\$0	\$106	\$122,926
2037	\$1,124,165	\$1,163,868	96.6%	Strong	\$261,583	\$0	\$117	\$171,928
2038	\$1,213,937	\$1,233,664	98.4%	Strong	\$268,123	\$0	\$131	\$85,797
2039	\$1,396,394	\$1,400,627	99.7%	Strong	\$274,826	\$0	\$148	\$110,641

Table 5: 30-Year Income/Expense Detail (yrs 0 through 4)

20371-0

Fiscal Year	2010	2011	2012	2013	2014
Starting Reserve Balance	\$340,244	\$409,282	\$472,978	\$513,562	\$588,115
Annual Reserve Contribution	\$108,000	\$112,320	\$116,813	\$121,485	\$126,345
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$37	\$44	\$49	\$55	\$63
Total Income	\$448,282	\$521,646	\$589,840	\$635,102	\$714,522
# Component					
1 Asphalt - Reseal/Older Section	\$0	\$0	\$3,342	\$0	\$0
2 Asphalt - Reseal/Newer Section	\$0	\$0	\$0	\$0	\$5,290
3 Asphalt - Mill and Overlay/Older Section	\$0	\$0	\$0	\$0	\$0
4 Asphalt - Mill and Overlay/Newer Section	\$0	\$0	\$0	\$0	\$0
5 Concrete - Drain Pans - Replace/Older	\$0	\$0	\$2,917	\$0	\$0
6 Concrete - Drain Pans - Replace/Newer	\$0	\$0	\$0	\$0	\$4,221
7 Concrete - Driveways, Parking, Walkways	\$15,000	\$15,450	\$15,914	\$16,391	\$16,883
8 Entrance Monument - Refurbish	\$0	\$5,150	\$0	\$0	\$0
9 Signage - Replace	\$0	\$1,288	\$0	\$0	\$0
10 Timber Retaining Wall - Replace	\$0	\$0	\$0	\$0	\$0
11 Wood Fencing - Replace Bowles	\$0	\$0	\$0	\$0	\$0
12 Wood Fencing - Replace Phase 1 East	\$0	\$0	\$0	\$0	\$0
13 Wood Fencing - Replace Phase 2 East	\$0	\$0	\$0	\$0	\$0
14 Irrigation Controllers - Replacement	\$0	\$2,575	\$0	\$0	\$0
15 Irrigation System - Replace/Upgrade	\$3,000	\$0	\$0	\$3,278	\$0
16 Landscaping - Replace/Trim/	\$0	\$0	\$31,827	\$0	\$0
17 Siding and Trim - Replace Phase 1	\$0	\$0	\$0	\$0	\$0
18 Siding and Trim - Replace Phase 2	\$0	\$0	\$0	\$0	\$0
19 Siding and Trim - Paint/ Repairs	\$21,000	\$21,630	\$22,279	\$22,947	\$23,636
20 Brick Veneer - Replace	\$0	\$0	\$0	\$1,639	\$0
21 Wood Stairs - Replace	\$0	\$0	\$0	\$0	\$0
22 Asphalt Shingles - Replace	\$0	\$0	\$0	\$0	\$0
23 Gutters and Downspouts - Replace	\$0	\$2,575	\$0	\$2,732	\$0
Total Expenses	\$39,000	\$48,668	\$76,279	\$46,987	\$50,029
Ending Reserve Balance:	\$409,282	\$472,978	\$513,562	\$588,115	\$664,493

Table 5: 30-Year Income/Expense Detail (yrs 5 through 9)

20371-0

Fiscal Year	2015	2016	2017	2018	2019
Starting Reserve Balance	\$664,493	\$569,605	\$634,677	\$685,361	\$785,736
Annual Reserve Contribution	\$131,399	\$186,654	\$142,121	\$147,805	\$153,718
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$62	\$60	\$66	\$74	\$83
Total Income	\$795,953	\$706,320	\$776,863	\$833,240	\$939,536
# Component					
1 Asphalt - Reseal/Older Section	\$0	\$0	\$3,874	\$0	\$0
2 Asphalt - Reseal/Newer Section	\$0	\$0	\$0	\$0	\$6,132
3 Asphalt - Mill and Overlay/Older Section	\$0	\$0	\$0	\$0	\$0
4 Asphalt - Mill and Overlay/Newer Section	\$0	\$0	\$0	\$0	\$0
5 Concrete - Drain Pans - Replace/Older	\$0	\$0	\$3,382	\$0	\$0
6 Concrete - Drain Pans - Replace/Newer	\$0	\$0	\$0	\$0	\$4,893
7 Concrete - Driveways, Parking, Walkways	\$17,389	\$17,911	\$18,448	\$19,002	\$19,572
8 Entrance Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
9 Signage - Replace	\$0	\$0	\$0	\$0	\$0
10 Timber Retaining Wall - Replace	\$1,449	\$0	\$0	\$0	\$0
11 Wood Fencing - Replace Bowles	\$0	\$0	\$0	\$0	\$0
12 Wood Fencing - Replace Phase 1 East	\$0	\$0	\$0	\$0	\$0
13 Wood Fencing - Replace Phase 2 East	\$19,997	\$0	\$0	\$0	\$0
14 Irrigation Controllers - Replacement	\$0	\$0	\$0	\$0	\$3,262
15 Irrigation System - Replace/Upgrade	\$0	\$3,582	\$0	\$0	\$3,914
16 Landscaping - Replace/Trim/	\$0	\$0	\$36,896	\$0	\$0
17 Siding and Trim - Replace Phase 1	\$160,270	\$0	\$0	\$0	\$0
18 Siding and Trim - Replace Phase 2	\$0	\$0	\$0	\$0	\$0
19 Siding and Trim - Paint/ Repairs	\$24,345	\$25,075	\$25,827	\$26,602	\$27,400
20 Brick Veneer - Replace	\$0	\$0	\$0	\$1,900	\$0
21 Wood Stairs - Replace	\$0	\$25,075	\$0	\$0	\$0
22 Asphalt Shingles - Replace	\$0	\$0	\$0	\$0	\$0
23 Gutters and Downspouts - Replace	\$2,898	\$0	\$3,075	\$0	\$3,262
Total Expenses	\$226,348	\$71,643	\$91,503	\$47,504	\$68,435
Ending Reserve Balance:	\$569,605	\$634,677	\$685,361	\$785,736	\$871,101

Table 5: 30-Year Income/Expense Detail (yrs 10 through 14)

20371-0

Fiscal Year	2020	2021	2022	2023	2024
Starting Reserve Balance	\$871,101	\$982,679	\$1,087,099	\$1,153,333	\$1,274,541
Annual Reserve Contribution	\$159,866	\$166,261	\$172,911	\$179,828	\$187,021
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$93	\$103	\$112	\$121	\$133
Total Income	\$1,031,060	\$1,149,044	\$1,260,123	\$1,333,283	\$1,461,696
# Component					
1 Asphalt - Reseal/Older Section	\$0	\$0	\$4,491	\$0	\$0
2 Asphalt - Reseal/Newer Section	\$0	\$0	\$0	\$0	\$7,109
3 Asphalt - Mill and Overlay/Older Section	\$0	\$0	\$0	\$0	\$0
4 Asphalt - Mill and Overlay/Newer Section	\$0	\$0	\$0	\$0	\$0
5 Concrete - Drain Pans - Replace/Older	\$0	\$0	\$3,921	\$0	\$0
6 Concrete - Drain Pans - Replace/Newer	\$0	\$0	\$0	\$0	\$5,672
7 Concrete - Driveways, Parking, Walkways	\$20,159	\$20,764	\$21,386	\$22,028	\$22,689
8 Entrance Monument - Refurbish	\$0	\$6,921	\$0	\$0	\$0
9 Signage - Replace	\$0	\$1,730	\$0	\$0	\$0
10 Timber Retaining Wall - Replace	\$0	\$0	\$0	\$0	\$0
11 Wood Fencing - Replace Bowles	\$0	\$0	\$0	\$0	\$0
12 Wood Fencing - Replace Phase 1 East	\$0	\$0	\$0	\$0	\$0
13 Wood Fencing - Replace Phase 2 East	\$0	\$0	\$0	\$0	\$0
14 Irrigation Controllers - Replacement	\$0	\$0	\$0	\$0	\$0
15 Irrigation System - Replace/Upgrade	\$0	\$0	\$4,277	\$0	\$0
16 Landscaping - Replace/Trim/	\$0	\$0	\$42,773	\$0	\$0
17 Siding and Trim - Replace Phase 1	\$0	\$0	\$0	\$0	\$0
18 Siding and Trim - Replace Phase 2	\$0	\$0	\$0	\$0	\$0
19 Siding and Trim - Paint/ Repairs	\$28,222	\$29,069	\$29,941	\$30,839	\$31,764
20 Brick Veneer - Replace	\$0	\$0	\$0	\$2,203	\$0
21 Wood Stairs - Replace	\$0	\$0	\$0	\$0	\$0
22 Asphalt Shingles - Replace	\$0	\$0	\$0	\$0	\$0
23 Gutters and Downspouts - Replace	\$0	\$3,461	\$0	\$3,671	\$0
Total Expenses	\$48,381	\$61,944	\$106,789	\$58,741	\$67,235
Ending Reserve Balance:	\$982,679	\$1,087,099	\$1,153,333	\$1,274,541	\$1,394,461

Table 5: 30-Year Income/Expense Detail (yrs 15 through 19)

20371-0

Fiscal Year	2025	2026	2027	2028	2029
Starting Reserve Balance	\$1,394,461	\$1,018,089	\$1,099,292	\$1,176,650	\$1,221,006
Annual Reserve Contribution	\$194,502	\$199,364	\$204,349	\$209,457	\$214,694
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$121	\$106	\$114	\$120	\$127
Total Income	\$1,589,084	\$1,217,559	\$1,303,754	\$1,386,228	\$1,435,827
# Component					
1 Asphalt - Reseal/Older Section	\$0	\$0	\$5,206	\$0	\$0
2 Asphalt - Reseal/Newer Section	\$0	\$0	\$0	\$0	\$8,241
3 Asphalt - Mill and Overlay/Older Section	\$0	\$60,497	\$0	\$0	\$0
4 Asphalt - Mill and Overlay/Newer Section	\$0	\$0	\$0	\$96,273	\$0
5 Concrete - Drain Pans - Replace/Older	\$0	\$0	\$4,545	\$0	\$0
6 Concrete - Drain Pans - Replace/Newer	\$0	\$0	\$0	\$0	\$6,576
7 Concrete - Driveways, Parking, Walkways	\$23,370	\$24,071	\$24,793	\$25,636	\$26,303
8 Entrance Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
9 Signage - Replace	\$0	\$0	\$0	\$0	\$0
10 Timber Retaining Wall - Replace	\$1,947	\$0	\$0	\$0	\$0
11 Wood Fencing - Replace Bowles	\$0	\$0	\$0	\$0	\$0
12 Wood Fencing - Replace Phase 1 East	\$0	\$0	\$0	\$0	\$30,248
13 Wood Fencing - Replace Phase 2 East	\$0	\$0	\$0	\$0	\$0
14 Irrigation Controllers - Replacement	\$0	\$0	\$4,132	\$0	\$0
15 Irrigation System - Replace/Upgrade	\$4,674	\$0	\$0	\$5,107	\$0
16 Landscaping - Replace/Trim/	\$0	\$0	\$49,585	\$0	\$0
17 Siding and Trim - Replace Phase 1	\$0	\$0	\$0	\$0	\$0
18 Siding and Trim - Replace Phase 2	\$504,392	\$0	\$0	\$0	\$0
19 Siding and Trim - Paint/ Repairs	\$32,717	\$33,699	\$34,710	\$35,751	\$36,824
20 Brick Veneer - Replace	\$0	\$0	\$0	\$2,554	\$0
21 Wood Stairs - Replace	\$0	\$0	\$0	\$0	\$0
22 Asphalt Shingles - Replace	\$0	\$0	\$0	\$0	\$0
23 Gutters and Downspouts - Replace	\$3,895	\$0	\$4,132	\$0	\$4,384
Total Expenses	\$570,995	\$118,267	\$127,104	\$165,221	\$112,575
Ending Reserve Balance:	\$1,018,089	\$1,099,292	\$1,176,650	\$1,221,006	\$1,323,252

Table 5: 30-Year Income/Expense Detail (yrs 20 through 24)

20371-0

Fiscal Year	2030	2031	2032	2033	2034
Starting Reserve Balance	\$1,323,252	\$332,398	\$469,172	\$562,657	\$720,760
Annual Reserve Contribution	\$220,061	\$225,563	\$231,202	\$236,982	\$242,906
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$83	\$40	\$52	\$64	\$79
Total Income	\$1,543,396	\$558,001	\$700,425	\$799,703	\$963,745
# Component					
1 Asphalt - Reseal/Older Section	\$0	\$0	\$6,036	\$0	\$0
2 Asphalt - Reseal/Newer Section	\$0	\$0	\$0	\$0	\$9,554
3 Asphalt - Mill and Overlay/Older Section	\$0	\$0	\$0	\$0	\$0
4 Asphalt - Mill and Overlay/Newer Section	\$0	\$0	\$0	\$0	\$0
5 Concrete - Drain Pans - Replace/Older	\$0	\$0	\$5,269	\$0	\$0
6 Concrete - Drain Pans - Replace/Newer	\$0	\$0	\$0	\$0	\$7,623
7 Concrete - Driveways, Parking, Walkways	\$27,092	\$27,904	\$28,742	\$29,604	\$30,492
8 Entrance Monument - Refurbish	\$0	\$9,301	\$0	\$0	\$0
9 Signage - Replace	\$0	\$2,325	\$0	\$0	\$0
10 Timber Retaining Wall - Replace	\$0	\$0	\$0	\$0	\$0
11 Wood Fencing - Replace Bowles	\$13,546	\$0	\$0	\$0	\$0
12 Wood Fencing - Replace Phase 1 East	\$0	\$0	\$0	\$0	\$0
13 Wood Fencing - Replace Phase 2 East	\$0	\$0	\$0	\$0	\$0
14 Irrigation Controllers - Replacement	\$0	\$0	\$0	\$0	\$0
15 Irrigation System - Replace/Upgrade	\$0	\$5,581	\$0	\$0	\$6,098
16 Landscaping - Replace/Trim/	\$0	\$0	\$57,483	\$0	\$0
17 Siding and Trim - Replace Phase 1	\$0	\$0	\$0	\$0	\$0
18 Siding and Trim - Replace Phase 2	\$0	\$0	\$0	\$0	\$0
19 Siding and Trim - Paint/ Repairs	\$37,928	\$39,066	\$40,238	\$41,445	\$42,689
20 Brick Veneer - Replace	\$0	\$0	\$0	\$2,960	\$0
21 Wood Stairs - Replace	\$0	\$0	\$0	\$0	\$0
22 Asphalt Shingles - Replace	\$1,132,432	\$0	\$0	\$0	\$0
23 Gutters and Downspouts - Replace	\$0	\$4,651	\$0	\$4,934	\$0
Total Expenses	\$1,210,998	\$88,829	\$137,768	\$78,943	\$96,456
Ending Reserve Balance:	\$332,398	\$469,172	\$562,657	\$720,760	\$867,289

Table 5: 30-Year Income/Expense Detail (yrs 25 through 29)

20371-0

Fiscal Year	2035	2036	2037	2038	2039
Starting Reserve Balance	\$867,289	\$991,781	\$1,124,165	\$1,213,937	\$1,396,394
Annual Reserve Contribution	\$248,979	\$255,203	\$261,583	\$268,123	\$274,826
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$93	\$106	\$117	\$131	\$148
Total Income	\$1,116,361	\$1,247,091	\$1,385,865	\$1,482,191	\$1,671,368
# Component					
1 Asphalt - Reseal/Older Section	\$0	\$0	\$6,997	\$0	\$0
2 Asphalt - Reseal/Newer Section	\$0	\$0	\$0	\$0	\$11,076
3 Asphalt - Mill and Overlay/Older Section	\$0	\$0	\$0	\$0	\$0
4 Asphalt - Mill and Overlay/Newer Section	\$0	\$0	\$0	\$0	\$0
5 Concrete - Drain Pans - Replace/Older	\$0	\$0	\$6,109	\$0	\$0
6 Concrete - Drain Pans - Replace/Newer	\$0	\$0	\$0	\$0	\$8,837
7 Concrete - Driveways, Parking, Walkways	\$31,407	\$32,349	\$33,319	\$34,319	\$35,348
8 Entrance Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
9 Signage - Replace	\$0	\$0	\$0	\$0	\$0
10 Timber Retaining Wall - Replace	\$2,617	\$0	\$0	\$0	\$0
11 Wood Fencing - Replace Bowles	\$0	\$0	\$0	\$0	\$0
12 Wood Fencing - Replace Phase 1 East	\$0	\$0	\$0	\$0	\$0
13 Wood Fencing - Replace Phase 2 East	\$36,118	\$0	\$0	\$0	\$0
14 Irrigation Controllers - Replacement	\$5,234	\$0	\$0	\$0	\$0
15 Irrigation System - Replace/Upgrade	\$0	\$0	\$6,664	\$0	\$0
16 Landscaping - Replace/Trim/	\$0	\$0	\$66,639	\$0	\$0
17 Siding and Trim - Replace Phase 1	\$0	\$0	\$0	\$0	\$0
18 Siding and Trim - Replace Phase 2	\$0	\$0	\$0	\$0	\$0
19 Siding and Trim - Paint/ Repairs	\$43,969	\$45,288	\$46,647	\$48,046	\$49,488
20 Brick Veneer - Replace	\$0	\$0	\$0	\$3,432	\$0
21 Wood Stairs - Replace	\$0	\$45,288	\$0	\$0	\$0
22 Asphalt Shingles - Replace	\$0	\$0	\$0	\$0	\$0
23 Gutters and Downspouts - Replace	\$5,234	\$0	\$5,553	\$0	\$5,891
Total Expenses	\$124,580	\$122,926	\$171,928	\$85,797	\$110,641
Ending Reserve Balance:	\$991,781	\$1,124,165	\$1,213,937	\$1,396,394	\$1,560,727

Accuracy, Limitations, and Disclosures

Because we have no control over future events, we cannot claim that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect that financial institutions will provide interest earnings on funds on-deposit. We believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. The things we can control are measurements, which we attempt to establish within 5% accuracy. Your starting Reserve Balance and current Reserve interest earnings are also numbers that can be identified with a high degree of certainty. These figures have been provided to us, and were not confirmed by our independent research. Our projections assume a stable economic environment and lack of natural disasters.

Because both the physical status and financial status of the association change each year, this Reserve Study is by nature a "one-year" document. This information can and should be adjusted annually as part of the Reserve Study Update process so that more accurate estimates can be reflected in the Reserve plan. Reality often differs from even the best assumptions due to changing economic factors, physical factors, or ownership expectations. Because many years of financial preparation help the preparation for large expenses, this Report shows expenses for the next 30 years. We fully expect a number of adjustments will be necessary through the interim years to both the cost and timing of distant expense projections. It is our recommendation and that of the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually.

Association Reserves, Inc., and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Carmine R. DeLisio, RS, company president, is a Colorado licensed General Contractor (Licensed #15126), and credentialed Reserve Specialist (#184). All work done by Association Reserves - Colorado is performed under his Responsible Charge. There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the association's situation.

We have relied upon the client to provide the current (or projected) Reserve Balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the Reserve Fund. In addition, we have considered the association's representation of current and historical Reserve projects reliable, and we have considered the representations made by its vendors and suppliers to also be accurate and reliable.

Component quantities indicated in this Report were derived from the prior Reserve Study, unless otherwise noted in our "Site Inspection Notes" comments. No destructive or intrusive testing was performed, nor should the site inspection be assumed to be anything other than for budget purposes.

Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area)
GSY	Gross Square Yards (area)
HP	Horsepower
LF	Linear Feet (length)

Effective Age: The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.

Fully Funded Balance (FFB): The Reserve Balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This benchmark balance represents the value of the deterioration of the Reserve Components. This number is calculated for each component, then summed together for an association total.

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age}) / \text{Useful Life}$$

Inflation: Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on Table 5.

Interest: Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary, page ii.

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

Remaining Useful Life: The estimated time, in years, that a common area component can be expected to continue to serve its intended function.

Useful Life: The estimated time, in years, that a common area component can be expected to serve its intended function.