

**Golden Bear Patio Homes
Golden Bear Dr.
Longmont, CO 80504**



**Level 1, Premium Reserve Analysis
Report Period – 01/01/17 – 12/31/17**



**Client Reference Number - 9369
Property Type – Patio Home Development
Number of Units – 74
Fiscal Year End – December 31**

**Final
Version**

**Date of Property Observation - April 25, 2016
Project Manager - G. Michael Kelsen, RS, PRA
Main Contact Person - Mr. Kevin Lucas, Community Manager
Report was prepared on - Wednesday, August 24, 2016**

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Introduction to the Reserve Analysis –

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

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

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

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

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

General Information and Answers to Frequently Asked Questions –

Why is it important to perform a Reserve Study?

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

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

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

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

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

How often do we update or review “it”?

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

Is it the law to have a Reserve Study conducted?

The Government requires reserve analyses in approximately 20 states. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study is completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. This may not mean a Reserve Analysis is required, but how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think \$50,000 is a lot of money and they are in good shape. What they don't know is a major component will need to be replaced within 5 years, and the cost of this component 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 the component, 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 Golden Bear Patio Homes -

Assoc. ID # - 9369-16

Projected Starting Balance as of January 1, 2017 -	\$58,356
Ideal Reserve Balance as of January 1, 2017 -	\$161,295
Percent Funded as of January 1, 2017 -	36%
Recommended Reserve Allocation (per month) -	\$3,850
Minimum Reserve Allocation (per month) -	\$3,775
Recommended Special Assessments -	\$0

Information to complete this Reserve Analysis was gathered during a property observation of the common area elements on March 9 and April 25, 2016. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representatives (Community Manager and a Board Member). 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 74 single family patio homes within a master community that was constructed in the early 2000's. Common area amenities the association is responsible to maintain include fences that are directly linked to the unit, concrete alleyways, landscaping, and an irrigation system. Please refer to the *Projected Reserve Expenditure* table of the Financial Analysis section for a list of when other components are scheduled to be addressed.

In comparing the projected balance of \$58,356 versus the ideal Reserve Balance of \$161,295, we find the association Reserve fund to be in a less than average financial position at this point in time (approximately 36% funded of ideal). As a result of the information contained in this report, we find the current budgeted Reserve allocation (\$633.33 per month) to be less than adequate in increasing the strength of the Reserve fund to prepare for future projects. Therefore, we are recommending an increase of the Reserve contribution to \$3,850 (representing an increase of \$43.47 per unit) per month effective immediately, followed by nominal annual increases of 3.00% 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 \$3,775 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where Special Assessments, deferred maintenance, and lower property values are possible at some point in the future. The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period.

This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (approximately \$1.00 per household 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 #: 209 Wood Fencing - Restain/Paint



Observations:

- In this climate, we recommend staining wood fences every 3 - 4 years to maintain appearance and protect wood surfaces from exposure to elements that will cause deterioration.

Location: **Common Areas**

Quantity: **Approx. 5,115 LF**

Life Expectancy: **4** *Remaining Life:* **1**

Best Cost: **\$35,800**

\$7.00/LF: Estimate to restain fence

Worst Cost: **\$40,925**

\$8.00/LF; Higher estimate for more prep work

Source of Information: Cost Database

General Notes:

NOTE - Measurement provided by client

Comp #: 403 Concrete - Repair/Replace



Observations:

- Since it is unlikely that all concrete surfaces will fail at the same time, we suggest establishing a Reserve fund for periodic repairs and replacement to approximately 10% of the total area (3,550 GSF) every 4 years.
- Repairs should be coordinated with other concrete surfaces and asphalt for best cost estimate since most asphalt companies can also perform concrete work.

Location: **Alleyways**

Quantity: **Approx. 35,460 GSF**

Life Expectancy: **4** Remaining Life: **0**

Best Cost: **\$26,625**

Allowance to replace 10% of area every 4 yrs.

Worst Cost: **\$29,300**

Higher allowance for more repairs

Source of Information: Cost Database

General Notes:

1628 & 4-Plexes - Approx. 3,720 GSF
Between Metro & Whitehall-Approx. 14,280 GSF
Between Whitehall & Deerwood-Approx. 12,620 GSF
1446 Alleyway - Approx. 4,840 GSF
NOTE - Individual lot owner is responsible for personal driveway.

Comp #: 1001 Wood Fencing - Replace



Observations:

- The replacement cycle is based on the observed quality of fence installed and the current condition.
- The fence is currently painted, so the replacement cycle is longer due to the materials being protected from exposure to the elements.
- Remaining life is based on current condition of the observed fence.

Location: **Common Areas**

Quantity: **Approx. 5,115 LF**

Life Expectancy: **24** *Remaining Life:* **13**

Best Cost: **\$168,800**
\$33/LF; Estimate to replace

Worst Cost: **\$194,375**
\$38/LF: Higher estimate for better quality

Source of Information: Cost Database

General Notes:

NOTE - Measurement provided by client

Comp #: 1701 Irrigation System - Rebuild



Observations:

- This line item is for repairs and replacement that lies 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 4 - 5 years.
- The funding on this line item is for major repairs and is not to be interpreted as complete irrigation system replacement.

Location: **Front yards only**

Quantity: **Extensive**

Life Expectancy: **5** *Remaining Life:* **4**

Best Cost: **\$12,000**

Allowance for major repairs and renovatings

Worst Cost: **\$15,000**

Higher allowance for more repairs

Source of Information: Cost Database

General Notes:

Comp #: 1702 Irrigation Faucets - Replace



Aspen Reserve Specialties



Aspen Reserve Specialties

Observations:

- Reported the association is gradually replacing faucets at a rate of an average of 4 - 6 every year.
- Therefore, per the request of the client, we have included Reserve funds to replace 12 - 18 faucets every 3 years.
- Remaining life is based on reports more need to be replaced soon.

Location: **At each unit**

Quantity: **(74) Total faucets**

Life Expectancy: **3** Remaining Life: **1**

Best Cost: **\$4,800**
\$400/faucet; Estimate to replace 12 every 3 years

Worst Cost: **\$7,200**
Higher estimate to replace more faucets

Source of Information: Estimates received by client

General Notes:

Empty rectangular box for general notes.



Comp #: 1703 Irrigation Controllers - Replace



Observations:

- Each unit has a small 6 station controller (these range from Hunters to Irritrol and all vary in age and type.
- The overall life expectancy of irrigation controllers typically ranges between 10 - 12 years if properly maintained and under normal conditions.
- Due to the varying types and ages of controllers, we have established a Reserve allowance for partial replacement of controllers every 3 years.
- This line item should not be intended to be interpreted as complete replacement.

Location: **Side of houses**

General Notes:

Quantity: **(74) Irrigation Controllers**

Life Expectancy: **3** *Remaining Life:* **1**

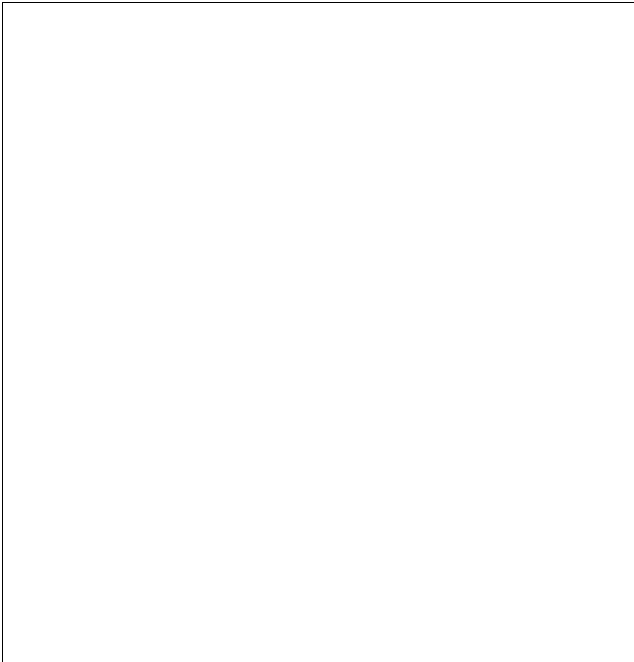
Best Cost: **\$16,150**

Estimate to replace 19 controllers every 3 years

Worst Cost: **\$18,500**

Higher estimate for larger controller

Source of Information: Cost Database



Comp #: 1706 Backflow Devices - Replace



Aspen Reserve Specialties



Aspen Reserve Specialties

Observations:

- Due to the ability to rebuild and replace these devices for a relatively low cost and the fact that failure of the device is unpredictable, we do not recommend reserving for replacement.
- Repair and/or replace these devices/cages on an as needed basis using operating funds.
- If it later turns out that major expenses are associated with the devices, we can add funding requirements in future Reserve Study updates.

Location: **Each unit**

Quantity: **(74) Devices**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Empty rectangular box for general notes.



Comp #: 1801 Groundcover - Replenish



Observations:

- This line item, similar to irrigation repairs, is for projects that lie outside the scope of routine maintenance.
- In order to preserve an attractive curb appeal and to maintain the health of the plants and shrubs, we recommend reserving for refurbishment projects every 4 - 6 years.
- This line item is for cyclical refurbishment and should not be considered as complete landscaping replacement.

Location: **Front yards and alleyway landscaping**

General Notes:

Quantity: **Extensive area**

Life Expectancy: **6** *Remaining Life:* **4**

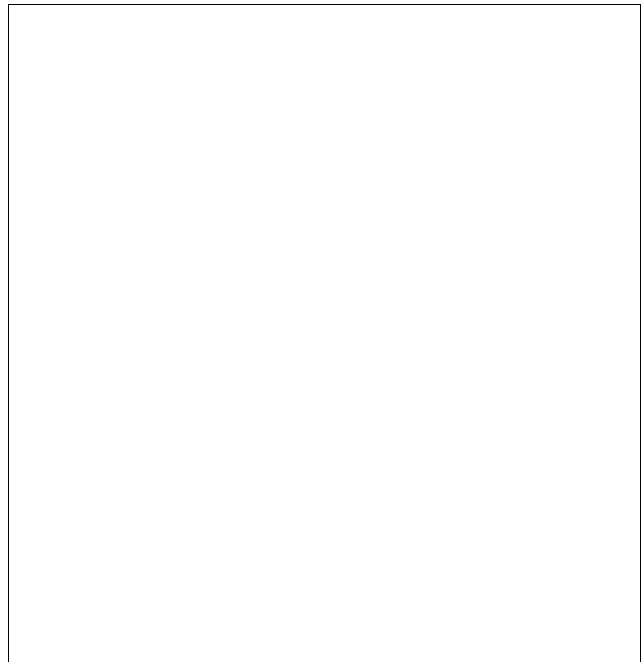
Best Cost: **\$8,500**

Allowance for major replenishment

Worst Cost: **\$10,000**

Higher allowance for more material

Source of Information: Cost Database



Comp #: 1804 Tree - Replacement



Observations:

- Trees appeared to be healthy and in good condition at time of site evaluation.
- It is very difficult to predict a replacement cycle for trees as there are several factors such as disease, infestation of insects, heavy snow storms, etc. can all attribute to eventual tree replacement.
- Since it is difficult to predict when the replacement will be necessary, Reserve funding is typically not a factor.
- Therefore, unless requested by the association, Reserve funding will not be included as part of the study for this component.

Location: **Common areas**

Quantity: **Numerous types and sizes**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Funding Summary For Golden Bear Patio Homes

Beginning Assumptions

Financial Information Source	Research With Client
# of units	74
Fiscal Year End	December 31, 2017
Monthly Dues from 2016 budget	\$3,207.00
Monthly Reserve Allocation from 2016 Budget	\$633.33
Projected Starting Reserve Balance (as of 1/1/2017)	\$58,356
Reserve Balance: Average Per Unit	\$789
Ideal Starting Reserve Balance (as of 1/1/2017)	\$161,295
Ideal Reserve Balance: Average Per Unit	\$2,180

Economic Factors

Past 20 year Average Inflation Rate (Based on CCI)	3.50%
Current Average Interest Rate	1.00%

Current Reserve Status

Current Balance as a % of Ideal Balance	36%
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Recommendations for 2017 Fiscal Year

Monthly Reserve Allocation	\$3,850
Per Unit	\$52.03
Minimum Monthly Reserve Allocation	\$3,775
Per Unit	\$51.01
Primary Annual Increases	3.00%
# of Years	30
Special Assessment	\$0
Per Unit	\$0

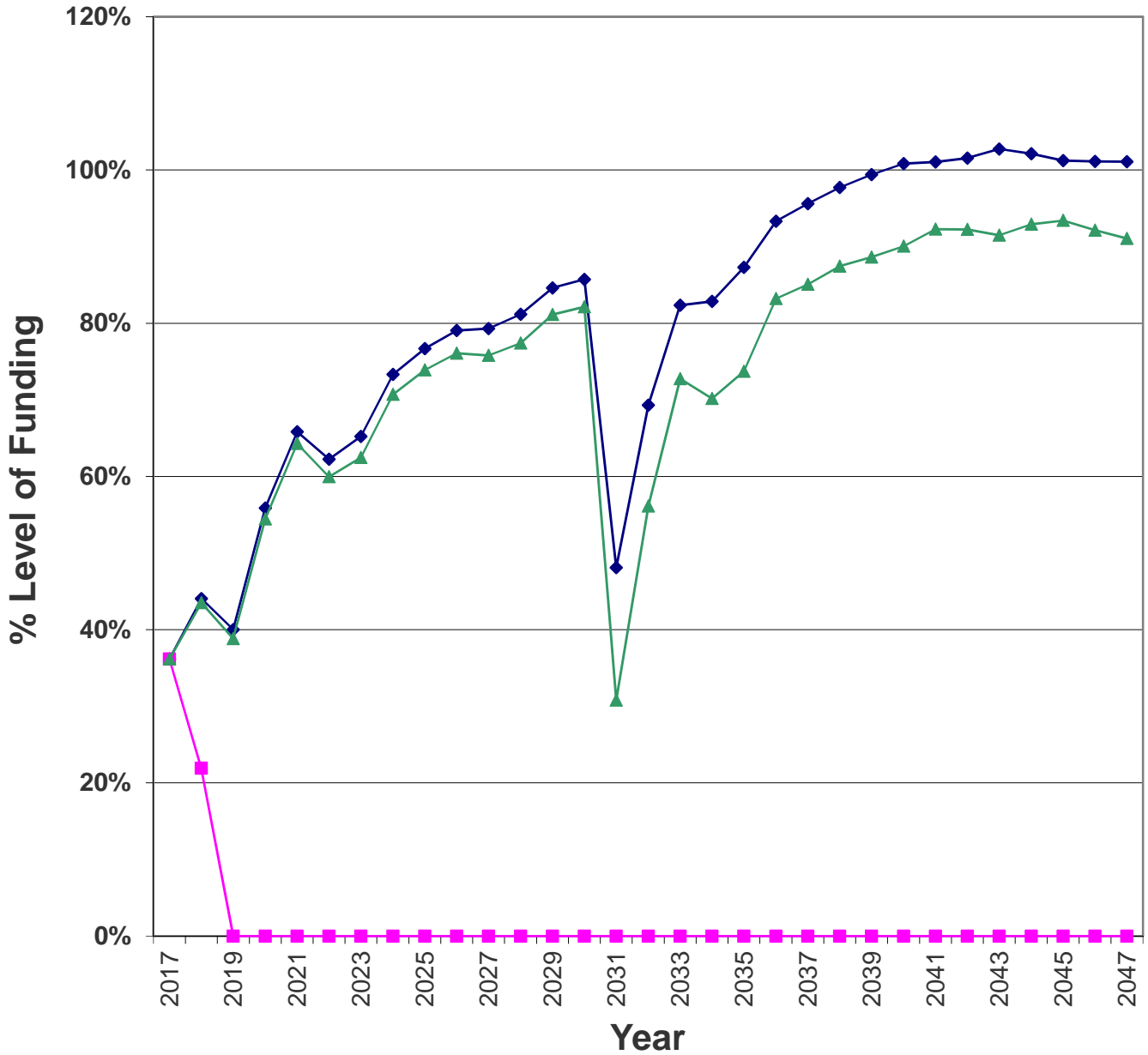
Changes From Prior Year (2016 to 2017)

Increase/Decrease to Reserve Allocation	\$3,217
as Percentage	508%
Per Unit	\$43.47

Percent Funded Graph For Golden Bear Patio Homes

Percent Funded

- ◆ Recommended
- Monthly Reserve Allocation from 2016 Budget
- ▲ Minimum



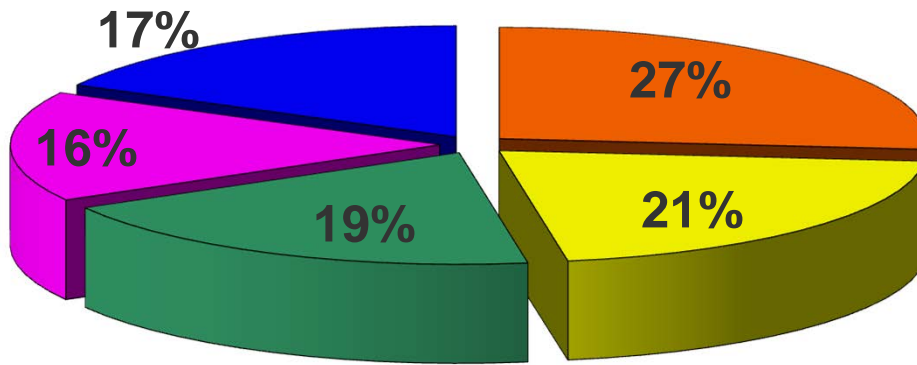
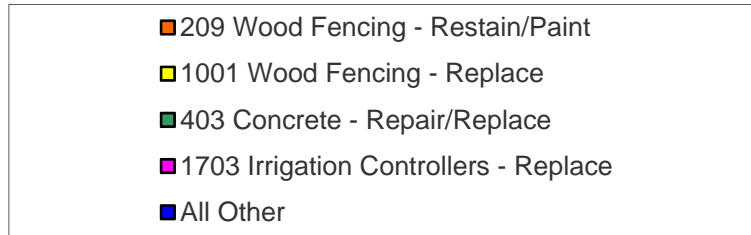
Component Inventory for Golden Bear Patio Homes

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Painted Surfaces	209	Wood Fencing - Restain/Paint	4	1	\$35,800	\$40,925
Drive Materials	403	Concrete - Repair/Replace	4	0	\$26,625	\$29,300
Fencing/Walls	1001	Wood Fencing - Replace	24	13	\$168,800	\$194,375
Irrig. System	1701	Irrigation System - Rebuild	5	4	\$12,000	\$15,000
	1702	Irrigation Faucets - Replace	3	1	\$4,800	\$7,200
	1703	Irrigation Controllers - Replace	3	1	\$16,150	\$18,500
	1706	Backflow Devices - Replace	N/A		\$0	\$0
Landscaping	1801	Groundcover - Replenish	6	4	\$8,500	\$10,000
	1804	Tree - Replacement	N/A		\$0	\$0

Significant Components For Golden Bear Patio Homes

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
209	Wood Fencing - Restain/Paint	4	1	\$38,363	\$9,591	26.5198%
403	Concrete - Repair/Replace	4	0	\$27,963	\$6,991	19.3303%
1001	Wood Fencing - Replace	24	13	\$181,588	\$7,566	20.9217%
1701	Irrigation System - Rebuild	5	4	\$13,500	\$2,700	7.4660%
1702	Irrigation Faucets - Replace	3	1	\$6,000	\$2,000	5.5304%
1703	Irrigation Controllers - Replace	3	1	\$17,325	\$5,775	15.9689%
1801	Groundcover - Replenish	6	4	\$9,250	\$1,542	4.2630%

Significant Components Graph For Golden Bear Patio Homes



Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
209	Wood Fencing - Restain/Paint	4	1	\$38,363	\$9,591	27%
1001	Wood Fencing - Replace	24	13	\$181,588	\$7,566	21%
403	Concrete - Repair/Replace	4	0	\$27,963	\$6,991	19%
1703	Irrigation Controllers - Replace	3	1	\$17,325	\$5,775	16%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$6,242	17%

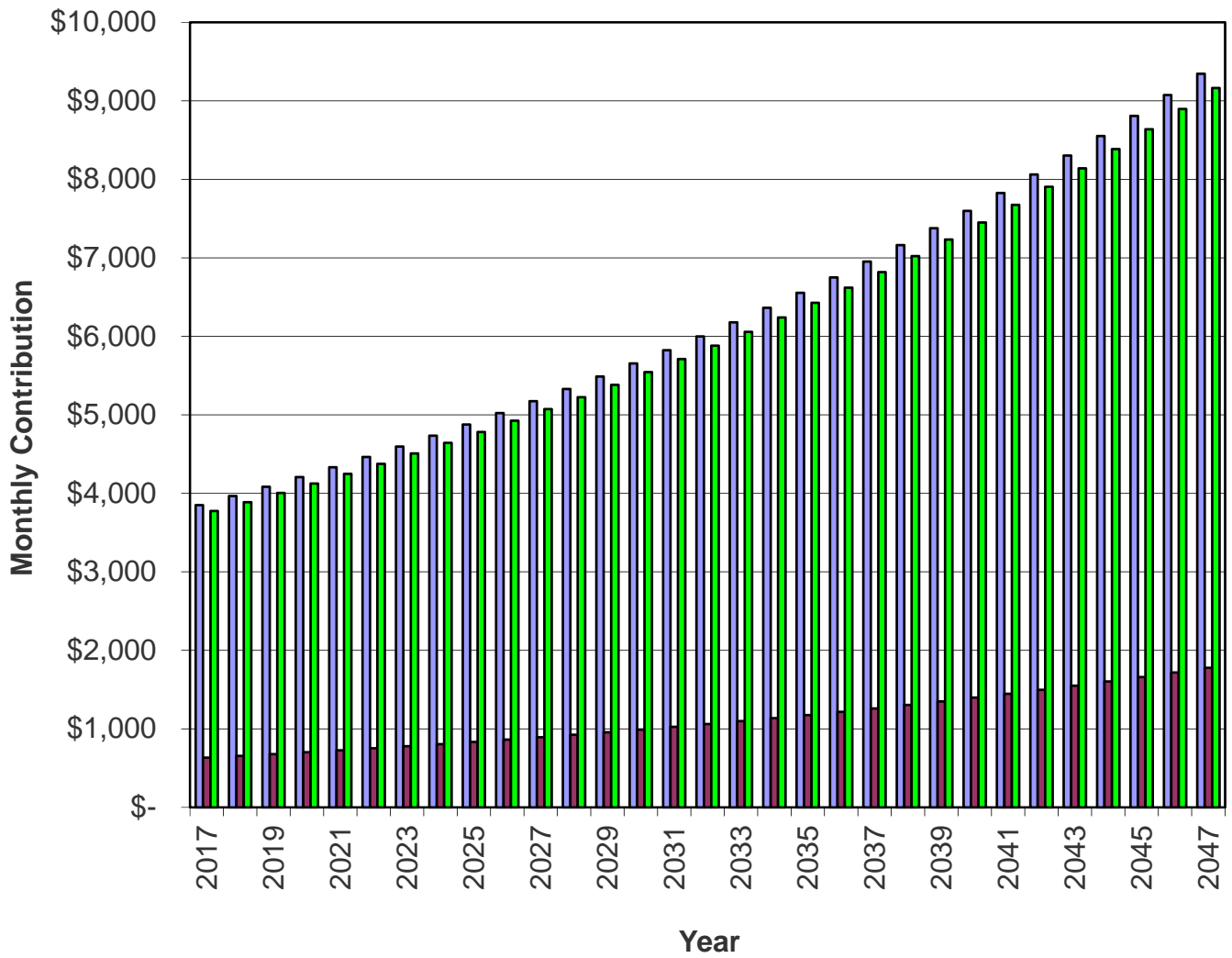
Yearly Summary For Golden Bear Patio Homes

Fiscal Year	Start Balance	Fully Funded Reserve Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2017	\$161,295	\$58,356	36%	\$46,200	\$0	\$678	\$27,963	
2018	\$175,429	\$77,271	44%	\$47,586	\$0	\$695	\$63,847	
2019	\$154,228	\$61,705	40%	\$49,014	\$0	\$866	\$0	
2020	\$199,722	\$111,585	56%	\$50,484	\$0	\$1,375	\$0	
2021	\$248,211	\$163,444	66%	\$51,999	\$0	\$1,476	\$84,960	
2022	\$211,917	\$131,959	62%	\$53,558	\$0	\$1,366	\$45,563	
2023	\$216,631	\$141,320	65%	\$55,165	\$0	\$1,697	\$0	
2024	\$270,224	\$198,182	73%	\$56,820	\$0	\$2,127	\$29,676	
2025	\$296,589	\$227,454	77%	\$58,525	\$0	\$2,394	\$36,821	
2026	\$318,147	\$251,551	79%	\$60,281	\$0	\$2,475	\$70,683	
2027	\$307,138	\$243,624	79%	\$62,089	\$0	\$2,528	\$45,950	
2028	\$323,128	\$262,291	81%	\$63,952	\$0	\$2,956	\$0	
2029	\$389,084	\$329,199	85%	\$65,870	\$0	\$3,426	\$42,253	
2030	\$415,528	\$356,241	86%	\$67,846	\$0	\$2,008	\$380,471	
2031	\$94,823	\$45,624	48%	\$69,882	\$0	\$700	\$21,852	
2032	\$136,112	\$94,353	69%	\$71,978	\$0	\$1,309	\$0	
2033	\$203,584	\$167,641	82%	\$74,137	\$0	\$1,529	\$104,971	
2034	\$166,967	\$138,336	83%	\$76,362	\$0	\$1,427	\$68,848	
2035	\$168,727	\$147,277	87%	\$78,652	\$0	\$1,875	\$0	
2036	\$244,158	\$227,804	93%	\$81,012	\$0	\$2,340	\$70,796	
2037	\$251,388	\$240,360	96%	\$83,442	\$0	\$2,554	\$55,639	
2038	\$277,077	\$270,717	98%	\$85,946	\$0	\$2,754	\$79,005	
2039	\$282,089	\$280,412	99%	\$88,524	\$0	\$2,913	\$69,434	
2040	\$299,880	\$302,415	101%	\$91,180	\$0	\$3,496	\$0	
2041	\$392,950	\$397,091	101%	\$93,915	\$0	\$3,985	\$94,673	
2042	\$394,182	\$400,319	102%	\$96,733	\$0	\$3,775	\$145,783	
2043	\$345,549	\$355,044	103%	\$99,635	\$0	\$4,067	\$0	
2044	\$449,195	\$458,746	102%	\$102,624	\$0	\$5,124	\$0	
2045	\$559,673	\$566,493	101%	\$105,702	\$0	\$5,425	\$158,619	
2046	\$513,164	\$519,002	101%	\$108,873	\$0	\$5,054	\$140,645	

Reserve Contributions For Golden Bear Patio Homes

Reserve Contributions

Recommended Current Minimum



Component Funding Information For Golden Bear Patio Homes

ID	Component Name	Ave Current Cost	Ideal Balance	Current Fund Balance	Monthly
209	Wood Fencing - Restain/Paint	\$38,363	\$28,772	\$28,772	\$1,021.01
403	Concrete - Repair/Replace	\$27,963	\$27,963	\$27,963	\$744.22
1001	Wood Fencing - Replace	\$181,588	\$83,228	\$0	\$805.49
1701	Irrigation System - Rebuild	\$13,500	\$2,700	\$0	\$287.44
1702	Irrigation Faucets - Replace	\$6,000	\$4,000	\$1,622	\$212.92
1703	Irrigation Controllers - Replace	\$17,325	\$11,550	\$0	\$614.80
1801	Groundcover - Replenish	\$9,250	\$3,083	\$0	\$164.12

Yearly Cash Flow For Golden Bear Patio Homes

Year	2017	2018	2019	2020	2021
Starting Balance	\$58,356	\$77,271	\$61,705	\$111,585	\$163,444
<i>Reserve Income</i>	\$46,200	\$47,586	\$49,014	\$50,484	\$51,999
<i>Interest Earnings</i>	\$678	\$695	\$866	\$1,375	\$1,476
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$105,234	\$125,552	\$111,585	\$163,444	\$216,918
Reserve Expenditures	\$27,963	\$63,847	\$0	\$0	\$84,960
Ending Balance	\$77,271	\$61,705	\$111,585	\$163,444	\$131,959

Year	2022	2023	2024	2025	2026
Starting Balance	\$131,959	\$141,320	\$198,182	\$227,454	\$251,551
<i>Reserve Income</i>	\$53,558	\$55,165	\$56,820	\$58,525	\$60,281
<i>Interest Earnings</i>	\$1,366	\$1,697	\$2,127	\$2,394	\$2,475
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$186,883	\$198,182	\$257,130	\$288,373	\$314,307
Reserve Expenditures	\$45,563	\$0	\$29,676	\$36,821	\$70,683
Ending Balance	\$141,320	\$198,182	\$227,454	\$251,551	\$243,624

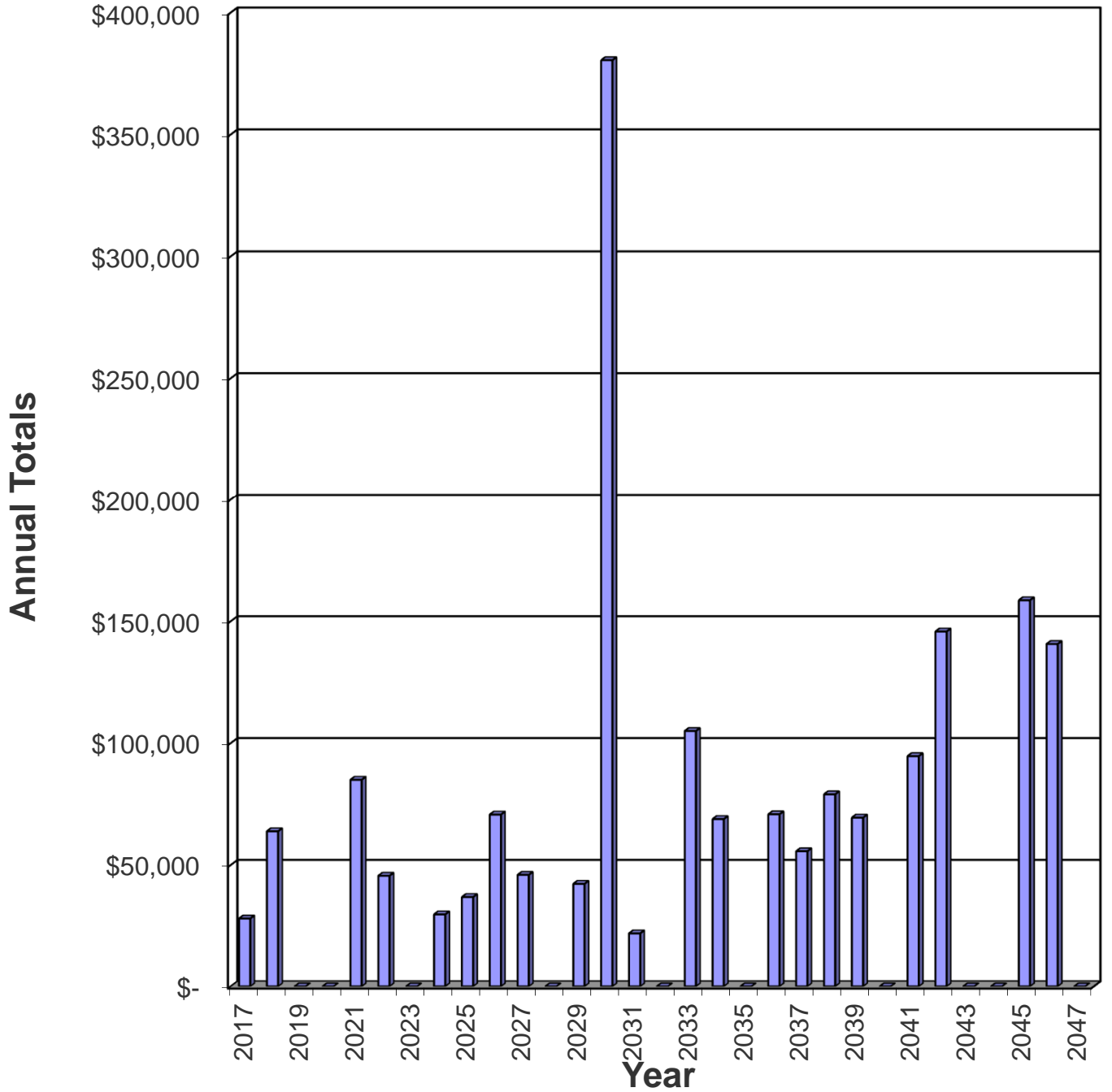
Year	2027	2028	2029	2030	2031
Starting Balance	\$243,624	\$262,291	\$329,199	\$356,241	\$45,624
<i>Reserve Income</i>	\$62,089	\$63,952	\$65,870	\$67,846	\$69,882
<i>Interest Earnings</i>	\$2,528	\$2,956	\$3,426	\$2,008	\$700
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$308,241	\$329,199	\$398,494	\$426,096	\$116,206
Reserve Expenditures	\$45,950	\$0	\$42,253	\$380,471	\$21,852
Ending Balance	\$262,291	\$329,199	\$356,241	\$45,624	\$94,353

Year	2032	2033	2034	2035	2036
Starting Balance	\$94,353	\$167,641	\$138,336	\$147,277	\$227,804
<i>Reserve Income</i>	\$71,978	\$74,137	\$76,362	\$78,652	\$81,012
<i>Interest Earnings</i>	\$1,309	\$1,529	\$1,427	\$1,875	\$2,340
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$167,641	\$243,308	\$216,125	\$227,804	\$311,156
Reserve Expenditures	\$0	\$104,971	\$68,848	\$0	\$70,796
Ending Balance	\$167,641	\$138,336	\$147,277	\$227,804	\$240,360

Year	2037	2038	2039	2040	2041
Starting Balance	\$240,360	\$270,717	\$280,412	\$302,415	\$397,091
<i>Reserve Income</i>	\$83,442	\$85,946	\$88,524	\$91,180	\$93,915
<i>Interest Earnings</i>	\$2,554	\$2,754	\$2,913	\$3,496	\$3,985
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$326,356	\$359,417	\$371,849	\$397,091	\$494,991
Reserve Expenditures	\$55,639	\$79,005	\$69,434	\$0	\$94,673
Ending Balance	\$270,717	\$280,412	\$302,415	\$397,091	\$400,319

Year	2042	2043	2044	2045	2046
Starting Balance	\$400,319	\$355,044	\$458,746	\$566,493	\$519,002
<i>Reserve Income</i>	\$96,733	\$99,635	\$102,624	\$105,702	\$108,873
<i>Interest Earnings</i>	\$3,775	\$4,067	\$5,124	\$5,425	\$5,054
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$500,826	\$458,746	\$566,493	\$677,621	\$632,929
Reserve Expenditures	\$145,783	\$0	\$0	\$158,619	\$140,645
Ending Balance	\$355,044	\$458,746	\$566,493	\$519,002	\$492,285

Reserve Expenditures



Projected Reserve Expenditures For Golden Bear Patio Homes

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2017	403	Concrete - Repair/Replace	\$27,963	\$27,963
2018	209	Wood Fencing - Restain/Paint	\$39,705	
	1702	Irrigation Faucets - Replace	\$6,210	
	1703	Irrigation Controllers - Replace	\$17,931	\$63,847
2019		No Expenditures Projected		\$0
2020		No Expenditures Projected		\$0
2021	403	Concrete - Repair/Replace	\$32,088	
	1701	Irrigation System - Rebuild	\$15,492	
	1702	Irrigation Faucets - Replace	\$6,885	
	1703	Irrigation Controllers - Replace	\$19,881	
	1801	Groundcover - Replenish	\$10,615	\$84,960
2022	209	Wood Fencing - Restain/Paint	\$45,563	\$45,563
2023		No Expenditures Projected		\$0
2024	1702	Irrigation Faucets - Replace	\$7,634	
	1703	Irrigation Controllers - Replace	\$22,042	\$29,676
2025	403	Concrete - Repair/Replace	\$36,821	\$36,821
2026	209	Wood Fencing - Restain/Paint	\$52,284	
	1701	Irrigation System - Rebuild	\$18,399	\$70,683
2027	1702	Irrigation Faucets - Replace	\$8,464	
	1703	Irrigation Controllers - Replace	\$24,439	
	1801	Groundcover - Replenish	\$13,048	\$45,950
2028		No Expenditures Projected		\$0
2029	403	Concrete - Repair/Replace	\$42,253	\$42,253
2030	209	Wood Fencing - Restain/Paint	\$59,997	
	1001	Wood Fencing - Replace	\$283,995	
	1702	Irrigation Faucets - Replace	\$9,384	
	1703	Irrigation Controllers - Replace	\$27,096	\$380,471
2031	1701	Irrigation System - Rebuild	\$21,852	\$21,852
2032		No Expenditures Projected		\$0
2033	403	Concrete - Repair/Replace	\$48,487	
	1702	Irrigation Faucets - Replace	\$10,404	
	1703	Irrigation Controllers - Replace	\$30,041	
	1801	Groundcover - Replenish	\$16,039	\$104,971
2034	209	Wood Fencing - Restain/Paint	\$68,848	\$68,848
2035		No Expenditures Projected		\$0
2036	1701	Irrigation System - Rebuild	\$25,954	
	1702	Irrigation Faucets - Replace	\$11,535	
	1703	Irrigation Controllers - Replace	\$33,307	\$70,796
2037	403	Concrete - Repair/Replace	\$55,639	\$55,639
2038	209	Wood Fencing - Restain/Paint	\$79,005	\$79,005
2039	1702	Irrigation Faucets - Replace	\$12,789	
	1703	Irrigation Controllers - Replace	\$36,928	
	1801	Groundcover - Replenish	\$19,716	\$69,434
2040		No Expenditures Projected		\$0
2041	403	Concrete - Repair/Replace	\$63,848	
	1701	Irrigation System - Rebuild	\$30,825	\$94,673
2042	209	Wood Fencing - Restain/Paint	\$90,660	
	1702	Irrigation Faucets - Replace	\$14,179	
	1703	Irrigation Controllers - Replace	\$40,943	\$145,783
2043		No Expenditures Projected		\$0
2044		No Expenditures Projected		\$0
2045	403	Concrete - Repair/Replace	\$73,267	
	1702	Irrigation Faucets - Replace	\$15,721	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	1703	Irrigation Controllers - Replace	\$45,394	
	1801	Groundcover - Replenish	\$24,237	\$158,619
2046	209	Wood Fencing - Restain/Paint	\$104,034	
	1701	Irrigation System - Rebuild	\$36,610	\$140,645
2047		No Expenditures Projected		\$0

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 association's 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.