Community Association Reserves

Reserve Fund Analysis Report

Update Study With Site Visit

Grand View Villas HOA
Grand Lake, CO

Report #:	9173-2
Inspection Date:	April 29, 2022
For Year Beginning:	January 1, 2023
For Year Ending:	December 31, 2023
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Prepared by:	Richard Hamilton RS, PRA
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August 21, 2022

Grand View Villas HOA
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Dear Manager and Board,

We are pleased to provide you with the enclosed reserve study report for Grand View Villas HOA. This reserve study adheres to the Community Association Institute's (CAI) standards regarding service levels and disclosures.

The report has been divided into five easy-to-understand sections:

Executive Summary, provides an overview of the Association's current physical condition and financial situation, outlining significant findings and conclusions. This section of the report should be used as a quick reference in helping the reader to understand the parameters and results of the study.

Part I, Reserve Study Methodology, details the framework, methods, and materials used in developing the reserve study and the associated funding plan. This part provides a comprehensive understanding of the methodology and the process taken to develop the report.

Part II, Financial Analysis, examines report funding and results with projections for individual reserve component expenses and recommended funding.

Part III, Physical Analysis, provides in-depth, detailed condition assessments for each reserve component along with maintenance recommendations and depreciation schedules based on estimated useful life, remaining useful life and current replacement costs.

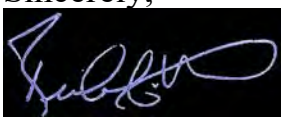
Part IV, General Information, provides a detailed explanation of the terms and definitions used within the report as well as a Frequently Asked Questions and explanation of Limitations sections.

Part V, Member's Summary, includes all the information necessary to keep your Association Members informed of the financial condition of the Association in a short, concise handout.

Three funding models are presented in detail. **Community Association Reserves recommends that the Board adopt a 100% Funding Plan whenever possible**, but a 70% Threshold alternative is included and will be presented to the Board should the current financial position of the community not allow for 100% full funding.

As you review the report and detail information, please feel free to contact our office with any questions that may arise.

Sincerely,



Richard S Hamilton RS, PRA

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Executive Summary

Purpose of Reserve Study

The purpose of this study is to provide the Association with an inventory of reserve components that require periodic repair and replacement and a reserve funding plan to offset the associated costs of these projects. This report provides condition assessments and maintenance schedules for each reserve component to assist the association in making budget decisions regarding reserve funding.

The Board of Directors has a fiduciary responsibility to maintain and preserve the value of common area assets belonging to the entity. As part of their fiduciary duty, board members are responsible for the long-term planning and funding of future major repairs and replacements of community assets.

This reserve study adheres to the Community Association Institute's (CAI) standards regarding service levels and disclosures. This report complies with The American Institute of Certified Public Accountants (AICPA) guidelines for Common Interest Realty Associations. Recommendations and accompanying assumptions are the results of information provided to Community Association Reserves (CAR) and assembled for the Association's use.

Community Description:

Grand View Villas HOA is a Condominim Association, developed in approximately 2003. The community consists of detached garages, building exteriors, parking and drive areas, walks, landscape and common space. The community is in overall good condition and appears well maintained.

Summary of the Reserve Study

The study provides an overview of the Association's current physical condition and financial situation, outlining significant findings and conclusions. It details the framework, methods, and materials used in developing the reserve study and the associated funding plan. The Financial Analysis examines report findings and results with projections for individual reserve component expenses and recommended funding. The Physical Analysis provides an in-depth, detailed condition assessment for each reserve component along with maintenance recommendations based on the estimated useful life (UL), remaining useful life (RUL) and current replacement costs.

Association Information:

Association Name:	Grand View Villas HOA
Association Location:	Grand Lake, CO
Association Type:	Condominim Association
Number of Units:	48
Report Period:	2023 - 2052
Inspection Date:	April 29, 2022

Economic Information:

Current Percent Funded:	16%
Current Contribution:	$5,232 monthly

Reserve Funding Status:

Your fund contribution is **nearly adequate** to reach your future expense needs. An **adjustment of $5 to $10 monthly** will ensure you reach our recommended goals of 70% to 100% funded.

Your association has a current percent funded (your reserve fund bank balance divided by your fully funded balance) is **16%**. Reserve funds are generally classified into three categories: "weak" at 0% to 30% funded, "fair" at 31% to 69% funded and "strong" if your funding is 70% or above. Percent funded is a measurement of risk to the association members. Risk includes: a large increase in dues, a special assessment to the members, or loss in home value due to deterioration or loss of community assets.

Our recommendation is generally a 100% funding plan which means that for every dollar of deterioration that occurs within a community, the current membership - those that benefit directly from that asset, will place a dollar in the bank to offset that cost. This is the "fairest" method of funding, as a lower percentage will place a higher burden on a future membership when a replacement is due.

Plan Funding Recommendations:

Plan Option	Contribution monthly	Contribution Per Unit	Ending % Funded	Special Assessment
Current Plan	$5,232	$109.00	81%	None
100% Funding	$5,717	$119.10	100%	None
70% Funding	$5,508	$114.76	71%	None
Baseline Funding	$5,333	$111.11	54%	None

Five (5) Year Snapshot:

Plan Year	Annual Contribution	Annual Expenditures	Ending Cash Balance	Ending Percent Funded	Special Assessment
2023	$68,600	$45,483	$126,803	19%	None
2024	$74,774	$75,332	$127,168	19%	None
2025	$81,504	$65,879	$143,851	21%	None
2026	$88,839	$134,093	$99,178	15%	None
2027	$96,834	$36,745	$160,421	23%	None

An Important Note Regarding Expense Cycling:

As the Board reviews the report and projected expenses, notice that several components are denoted as "partial" or "part" replacements. This indicates that this particular component has been "cycled" and is not scheduled for full replacement. This may be the result of similar components that were placed in service at different times, or in many cases, a long-lived component that would not otherwise be reflected in the replacement projections. An example of

projections are based on the total life of a component, it is important that if funds are not needed at the end of a cycle period, they remain intact as they will be necessary at a future date. Conversely, if funds are needed prior to the end of a cycle, they are available for use, but a record of the use should be noted in the Community's financials indicating that that portion of the cycled amount has been spent.

PART I

RESERVE STUDY METHODOLOGY

The Reserve Study Process

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 we are making projections about the future. Partially science, because the work is a combination of research and well- defined computations, following consistent National Reserve Study Standards.

The foundation of this and every Reserve Study is your Reserve Component List (the items that you are reserving for). This is because the Reserve Component List defines the *scope and schedule* of all your anticipated upcoming Reserve projects. Based on that List and your starting balance, we calculate the association's Reserve Fund Strength (reported in terms of "Percent Funded"). Then we compute a Reserve Funding Plan to provide for the Reserve needs of the association. These form the results of your Reserve Study.

It is important to keep in mind that reserve contributions are not "for the future". Reserve contributions are designed to offset the ongoing, daily deterioration of your Reserve assets. Done well, a stable, budgeted Reserve Funding Plan will collect sufficient funds from the owners who enjoyed the use of those assets, so the association is financially prepared for the irregular expenditures scattered through future years when important assets eventually require replacement.

The Component Analysis

Determination of what constitutes a reserve component is dependent on a number of factors. A four-part test is generally used to distinguish a reserve item from an operational or maintenance expense. A component is included as a reserve item only if it satisfies ALL criteria outlined below:

- It is the Association's responsibility to maintain.
- It has a predictable useful service life.
- Its useful life fits within the projection period.
- Its cost for repair or replacement meets a pre-determined threshold amount.

The components that an Association includes in its reserve funding plan are also dependent on the type of project, the construction properties and the Association's applicable governing documents and state statutes.

Component Useful Life

The useful life of a reserve component relates to the number of years it is expected to last, given reasonable care and maintenance. The prediction of reserve and building component life can be no more than an informed estimate based upon information made available at the time of the site visit. Consideration is given to vendor recommendations, material warranty information provided at the time of the report's development, along with other published sources. The data and service life estimates in this report are based on information gathered from various groups and industry sources as outlined below:

- Historical data from the Association;
- Community Managers, Board Members and Service Personnel;
- Manufacturer recommendations and industry standards;

The remaining life of a reserve component refers to the number of years left before an item's expected repair or replacement. A component's remaining life is contingent upon the following factors:

- Age/years in service;
- Physical condition;
- Frequency and quality of inspections and maintenance;
- General use;
- Environment, impact of weather and building location;
- Installation methods that meets or exceed industry standards;
- Design and quality of materials used.

In addition to deterioration or anticipated failure of a component, the longevity may be impacted by obsolescence. The accuracy of the estimate is contingent upon reliable information made available at the time of the report. It is important to note that even with the highest degree of diligence and experience, outcomes will vary, and no guarantee can be given as to the timing or service life of the reserve components. All service life assessments in this report are based on the assumption that maintenance is carried out in accordance with manufacturer's recommendations and installation instructions, together with industry standards of workmanship. Consideration is given to visible design and signs of improper installation of components that will have an impact upon the anticipated service life of the component.

The Financial Analysis
An Association, like any business entity, must prepare financially for the replacement and repair of its assets. Reserve study funding analysis is an important part of the annual budget process. Reserve funding should be reviewed at least once annually to help determine the annual assessment to be charged to members. The following elements are used in the financial analysis.

Recommended Funding Rate. We advocate a program of regular reserve fund contributions and promote a gradual means of reserving for future repair and replacement expenses. Recommended contributions are set at a level where they require only minor annual increases. The rate is designed to distribute the anticipated cost of common property ownership equitably between all members over the entire projection period.

Fully Funded Balance. The Fully Funded balance is equal to the total depreciated cost of all the Association's reserve components. It is determined by dividing each reserve component's cost by its useful life, and multiplying that by the number of years the component has been in service (effectively its age). The recommendations in this report are based upon a Fully Funded plan, which sets the goal of achieving one hundred percent fully funded reserves by the end of the 30-year projection period. ***We recommend full funding as we feel that this approach best provides a solid platform to address future needs***, thus dramatically reducing the need for special assessments or major contribution increases.

Percent Funded. An Association's reserve fund status is assessed by comparing the ratio of actual or projected funds available versus how much they should have saved. The result is presented as a percentage and is commonly known as "percent funded". Percent funded is calculated by dividing the Association's current reserve fund balance

sources but typically are based on the latest local vendor pricing acquired from regional contractors and suppliers. When needed, additional information and cost data is sourced from national construction estimators. All cost estimates formulated from national estimators are based upon the latest specific geographical information for the area. Future cost estimates are determined by applying the assumed annual inflation rate to the current cost of each component.

Inflation Rate. The effect of inflation on the cost of reserve components is a key factor in the financial projections. Historically, the cost of construction materials and labor rise at a higher rate than that experienced by the general economy. We have chosen to use an inflationary multiplier that is somewhat higher than the current general consumer index for inflation. The rate used is based upon the historical average of inflation over the last 30 years. This rate reflects a realistic appreciation of future costs for reserve components and assists the Association in adequately budgeting for increasing cost.

Interest Rate. The interest rate used in this report is formulated on a conservative rate of return. Unless otherwise advised by the Association, an assumed net interest rate of 1.00% is used. We offer no guarantee or opinion in relation to investment decisions made by the Association or the rate of return achieved.

Current Reserve Fund Balance. The analysis, recommendations, and financial projections made within this report are heavily reliant on information provided by the Association and its representatives. The starting reserve fund balance (current or projected) and member contribution totals are supplied by these sources. This information has not been audited nor have the financial projections or recommendations.

Reserve Plan Goals

According to National Reserve Study Standards, there are four Funding Principles to 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 in a timely manner.
- Second, a stable contribution is defined because it keeps these naturally irregular expenses from unsettling the budget.
- Reserve contributions that are evenly distributed over current and future owners enable each owner to pay their fair share of the association's Reserve expenses over the years.
- And finally, we develop a plan that is fiscally responsible and safe for Board members to recommend to their association.

Remember, it is the Board's duty to provide for the ongoing care of the common areas. Board members invite liability exposure when Reserve contributions are inadequate to offset ongoing common area deterioration.

The Reserve Funding Plan must provide adequate funds when they are expected to be required at a future point in time. If $100,000 is needed in five years for a new roof, the

and homeowners deserve a degree of stability in order to plan their own budgets.

Reserve Funding and Risk

Reserve adequacy is not measured in cash terms. Reserve adequacy is determined when the *amount* of current Reserve cash is compared to Reserve component deterioration (the *needs of the association*). Having *enough* means the association can execute its projects in a timely manner with existing Reserve funds. *Not having *enough* typically creates deferred maintenance, large increases in assessments, special assessments or a loss in property value.

Adequacy is measured in a two-step process:

- Calculate the *value of deterioration* at the association (called Fully Funded Balance, or FFB).
- Compare that to the Reserve Fund Balance and expressed as a percentage.

Each year, the *value of deterioration* at the association changes. When there is more deterioration (as components approach the time they need to be replaced), there should be more cash to offset that deterioration and prepare for the expenditure. Conversely, the *value of deterioration* shrinks after projects are accomplished. The *value of deterioration* (the FFB) changes each year, and is a moving but predictable target.

There is a high risk of special assessments and deferred maintenance when the Percent Funded is *weak*, below 30%. Approximately 30% of all associations are in this high-risk range. While the 100% point is Ideal (indicating Reserve cash is equal to the *value of deterioration*), a Reserve Fund in the 70% -130% range is considered strong (low risk of special assessment).

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses.

PART II

FINANCIAL ANALYSIS

Summary of the Financial Analysis

Current Fully Funded Balance: **$628,677.90**
Current Reserve Fund Balance: **$102,738.00**
Current Percent Funded: **16%**
Current Contribution Monthly: **$5,232.00** **Per Unit: $109.00**

There are three basic funding strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consult with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements.
The three funding plans and descriptions of each are detailed below. Associations will need to update their reserve studies more or less frequently depending on the funding strategy they select.

• **Full funding (Recommended)** —The goal of this funding strategy is to attain and maintain the reserves at or near 100 percent. For example, if an association has a component with a 10-year life and a $10,000 replacement cost, it should have $3,000 set aside for its replacement after three years ($10,000 divided by 10 years=$1,000 per year X 3 years=$3,000). In this case, $3,000 equals full funding.

Target Contribution Monthly: **$5,716.67** **Per Unit: $119.10**

• **Threshold funding (Alternative)** —This method is based on the baseline funding concept. The minimum reserve cash balance in threshold funding; however, is set at a predetermined percentage of the required dollar amount. We will generally attempt to place the association funding between 65% and 75% funded, which will place them in a "strong" funding position. Using the previous example, if an association has a component with a 10-year life and a $10,000 replacement cost, it should have $3,000 set aside for its replacement after three years to achieve 100% funding. In the case of a 70% funding threshold, $2,100 ($3,000 x 70%) would need to be set aside to achieve the funding goal.

Target Contribution Monthly: **$5,508.33** **Per Unit: $114.76**

• **Baseline funding (Not Recommended)** —The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance. Associations can implement this funding method more safely by conducting annual reserve updates that include field observations.

Target Contribution Monthly: **$5,333.33** **Per Unit: $111.11**

It is up to the Board to select a plan that best suits the association and its long term goals. For comparison purposes, we have included a **Current Assessment Funding** plan, which is a

Grand View Villas HOA
Grand Lake, CO
Current Assessment Funding Summary

Report Date	August 21, 2022
Account Number	9173-2
Version	3.0
Budget Year Beginning	January 1, 2023
Budget Year Ending	December 31, 2023
Total Units	48
Phase Development	1 of 3

Report Parameters

Inflation	3.45%
Interest Rate on Reserve Deposit	1.00%
2023 Beginning Balance	$102,738

Current Assessment Funding Summary

This is the community's **current funding plan**, based upon your current Reserve Contribution. This analysis will be used as a base comparison to the Fully Funded plan (100% Funding) and the Threshold plan (70% Funding) to offer a comparison of the study results and their effects upon the community and contributions.

In this summary, we have used the current level of Reserve Contributions and completed a full 30-year analysis based upon our component findings.

Current Assessment Funding Model Summary of Calculations

Required Monthly Contribution	$5,232.00
$109.00 per unit monthly	
Average Net Monthly Interest Earned	$76.36
Total Monthly Allocation to Reserves	$5,308.36
$110.59 per unit monthly	

Grand View Villas HOA
Current Assessment Funding Projection

Beginning Balance: $102,738

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2023	62,784	916	45,483	120,955	665,745	18%
2024	68,435	830	75,332	114,888	675,366	17%
2025	74,594	898	65,879	124,500	697,327	18%
2026	81,307	345	134,093	72,059	651,783	11%
2027	88,625	836	36,745	124,775	707,758	18%
2028	96,601	1,121	65,402	157,096	738,486	21%
2029	105,295	1,622	52,562	211,451	786,110	27%
2030	114,772	130	260,571	65,783	623,536	11%
2031	125,101	866	47,239	144,510	678,800	21%
2032	136,360	2,193		283,063	787,691	36%
2033	148,633	2,461	118,457	315,700	780,743	40%
2034	149,376		418,242	46,834	466,478	10%
2035	150,123	477	80,499	116,934	493,922	24%
2036	150,873	1,894	9,993	259,708	598,515	43%
2037	151,628	2,955	47,563	366,728	671,229	55%
2038	152,386	4,512		523,626	799,149	66%
2039	153,148	5,538	55,203	627,108	877,988	71%
2040	153,913	5,577	155,171	631,428	859,870	73%
2041	154,683	6,518	66,314	726,314	936,917	78%
2042	155,456	6,243	188,950	699,063	893,757	78%
2043	156,234	7,009	85,887	776,419	959,866	81%
2044	157,015	7,162	148,454	792,141	967,813	82%
2045	157,800	7,680	113,005	844,616	1,017,136	83%
2046	158,589	7,086	224,980	785,311	956,905	82%
2047	159,382	7,926	82,568	870,051	1,046,663	83%
2048	160,179	9,189	42,028	997,391	1,186,360	84%
2049	160,980	10,116	77,494	1,090,992	1,299,261	84%
2050	161,785	11,237	59,970	1,204,043	1,439,435	84%
2051	162,593	12,044	93,092	1,285,589	1,555,609	83%
2052	163,406	12,320	147,613	1,313,702	1,625,007	81%

Grand View Villas HOA
Grand Lake, CO
100% Funding Summary

Report Date	August 21, 2022
Account Number	9173-2
Version	3.0
Budget Year Beginning	January 1, 2023
Budget Year Ending	December 31, 2023
Total Units	48
Phase Development	1 of 3

Report Parameters

Inflation	3.45%
Interest Rate on Reserve Deposit	1.00%
2023 Beginning Balance	$102,738

100% Funding Summary

The 100% funding plan, also called the fully funded plan, is based upon the "fairest" funding method. This plan anticipates that for each dollar of deterioration that occurs within the community, the current membership that is benefiting from those assets will place one dollar in the bank to offset that deterioration.

This analysis is our **recommended funding level**. It will present the least risk to the association members and ensure a strong financial position in the future.

100% Funding Model Summary of Calculations

Required Monthly Contribution	$5,716.67
$119.10 per unit monthly	
Average Net Monthly Interest Earned	$78.99
Total Monthly Allocation to Reserves	$5,795.66
$120.74 per unit monthly	

Grand View Villas HOA
100% Component Funding Projection

Beginning Balance: $102,738

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2023	68,600	948	45,483	126,803	665,745	19%
2024	74,774	923	75,332	127,168	675,366	19%
2025	81,504	1,059	65,879	143,851	697,327	21%
2026	88,839	581	134,093	99,178	651,783	15%
2027	96,834	1,153	36,745	160,421	707,758	23%
2028	105,550	1,528	65,402	202,096	738,486	27%
2029	111,355	2,107	52,562	262,997	786,110	33%
2030	114,751	648	260,571	117,825	623,536	19%
2031	118,251	1,352	47,239	190,189	678,800	28%
2032	121,858	2,573		314,619	787,691	40%
2033	125,574	2,653	118,457	324,390	780,743	42%
2034	129,404		418,242	35,552	466,478	8%
2035	133,351	273	80,499	88,676	493,922	18%
2036	137,418	1,537	9,993	217,639	598,515	36%
2037	141,610	2,478	47,563	314,163	671,229	47%
2038	145,929	3,949		464,041	799,149	58%
2039	150,380	4,924	55,203	564,142	877,988	64%
2040	154,966	4,950	155,171	568,888	859,870	66%
2041	159,693	5,916	66,314	668,182	936,917	71%
2042	164,563	5,708	188,950	649,504	893,757	73%
2043	169,582	6,583	85,887	739,783	959,866	77%
2044	174,755	6,890	148,454	772,974	967,813	80%
2045	180,085	7,608	113,005	847,662	1,017,136	83%
2046	185,577	7,264	224,980	815,523	956,905	85%
2047	191,237	8,402	82,568	932,595	1,046,663	89%
2048	197,070	10,017	42,028	1,097,655	1,186,360	93%
2049	203,081	11,352	77,494	1,234,594	1,299,261	95%
2050	209,275	12,937	59,970	1,396,836	1,439,435	97%
2051	215,658	14,269	93,092	1,533,670	1,555,609	99%
2052	222,235	15,132	147,613	1,623,425	1,625,007	100%

Grand View Villas HOA
Grand Lake, CO
70% Threshold Funding Summary

Report Date	August 21, 2022
Account Number	9173-2
Version	3.0
Budget Year Beginning	January 1, 2023
Budget Year Ending	December 31, 2023
Total Units	48
Phase Development	1 of 3

Report Parameters

Inflation	3.45%
Interest Rate on Reserve Deposit	1.00%
2023 Beginning Balance	$102,738

70% Funding Summary

The 70% funding plan, also called the threshold funded plan, is based upon a modified funding method. This plan anticipates that for each dollar of deterioration that occurs within the community, the current membership that is benefiting from those assets will place seventy cents in the bank to offset that deterioration.

This analysis is **an alternative funding level** which seeks to keep the association in a strong financial position, but does present a bit of risk. If components experience a failure earlier than anticipated due to influences outside of the community's control (such as workmanship or weather) the members may be placed in a position where a special assessment is required to make repairs. It also pushes a portion of deterioration down the road to a membership that has not fully benefited from a particular asset.

70% Threshold Funding Model Summary of Calculations

Required Monthly Contribution	$5,508.33
$114.76 per unit monthly	
Average Net Monthly Interest Earned	$77.86
Total Monthly Allocation to Reserves	$5,586.19
$116.38 per unit monthly	

Grand View Villas HOA
70% Threshold Funding Projection

Beginning Balance: $102,738

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2023	66,100	934	45,483	124,289	665,745	19%
2024	72,049	883	75,332	121,889	675,366	18%
2025	78,533	989	65,879	135,533	697,327	19%
2026	85,601	480	134,093	87,521	651,783	13%
2027	93,306	1,017	36,745	145,099	707,758	21%
2028	101,703	1,353	65,402	182,753	738,486	25%
2029	106,788	1,888	52,562	238,868	786,110	30%
2030	112,128	391	260,571	90,816	623,536	15%
2031	117,734	1,077	47,239	162,388	678,800	24%
2032	123,621	2,303		288,312	787,691	37%
2033	129,802	2,412	118,457	302,068	780,743	39%
2034	131,619		418,242	15,445	466,478	3%
2035	133,462	72	80,499	68,479	493,922	14%
2036	135,330	1,323	9,993	195,138	598,515	33%
2037	137,225	2,228	47,563	287,028	671,229	43%
2038	139,146	3,639		429,813	799,149	54%
2039	141,094	4,530	55,203	520,234	877,988	59%
2040	143,069	4,445	155,171	512,577	859,870	60%
2041	145,072	5,271	66,314	596,606	936,917	64%
2042	147,103	4,895	188,950	559,654	893,757	63%
2043	149,163	5,570	85,887	628,499	959,866	65%
2044	151,251	5,644	148,454	636,941	967,813	66%
2045	153,368	6,097	113,005	683,401	1,017,136	67%
2046	155,516	5,450	224,980	619,387	956,905	65%
2047	157,693	6,250	82,568	700,761	1,046,663	67%
2048	159,900	7,486	42,028	826,120	1,186,360	70%
2049	162,139	8,402	77,494	919,167	1,299,261	71%
2050	164,409	9,525	59,970	1,033,131	1,439,435	72%
2051	166,711	10,349	93,092	1,117,099	1,555,609	72%
2052	169,045	10,658	147,613	1,149,189	1,625,007	71%

Grand View Villas HOA
Grand Lake, CO
Baseline Funding Summary

Report Date	August 21, 2022
Account Number	9173-2
Version	3.0
Budget Year Beginning	January 1, 2023
Budget Year Ending	December 31, 2023
Total Units	48
Phase Development	1 of 3

Report Parameters

Inflation	3.45%
Interest Rate on Reserve Deposit	1.00%
2023 Beginning Balance	$102,738

Baseline Funding Summary

The baseline funding plan is a modified funding method and it is generally **NOT recommended** that the community embark upon this program.

This analysis is **an alternative funding level** which seeks to keep the reserve fund from dropping below zero at any point in time over the course of the study period. This plan present significant risk. If components experience the smallest failure earlier than anticipated, or repair or replacement pricing is greater than anticipated, the members will be placed in a position where a special assessment is required to make repairs.

This plan should only be used for associations that are severely underfunded as a temporary stepping stone into a more stable plan.

Baseline Funding Model Summary of Calculations

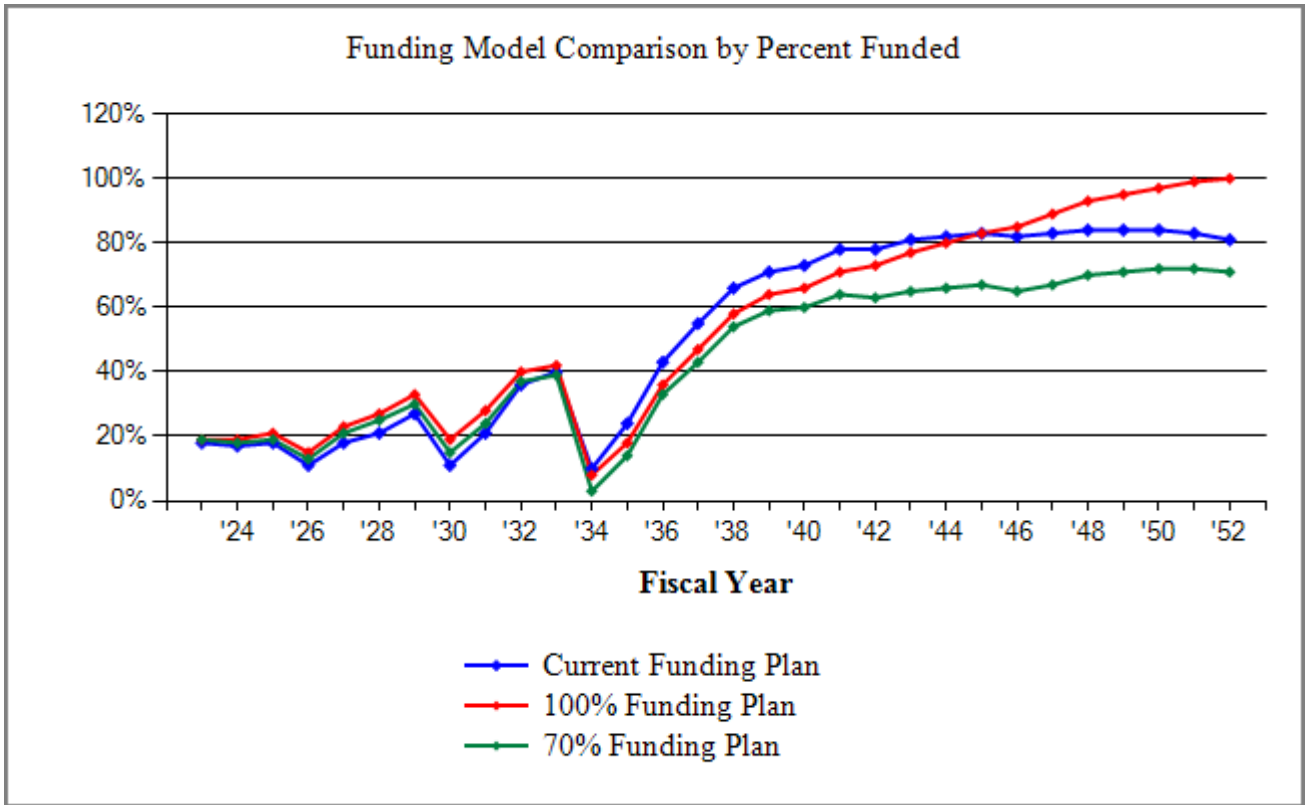
Required Monthly Contribution	$5,333.33
$111.11 per unit monthly	
Average Net Monthly Interest Earned	$76.91
Total Monthly Allocation to Reserves	$5,410.24
$112.71 per unit monthly	

Grand View Villas HOA
Grand Lake, CO
Baseline Funding Projection

Beginning Balance: $102,738

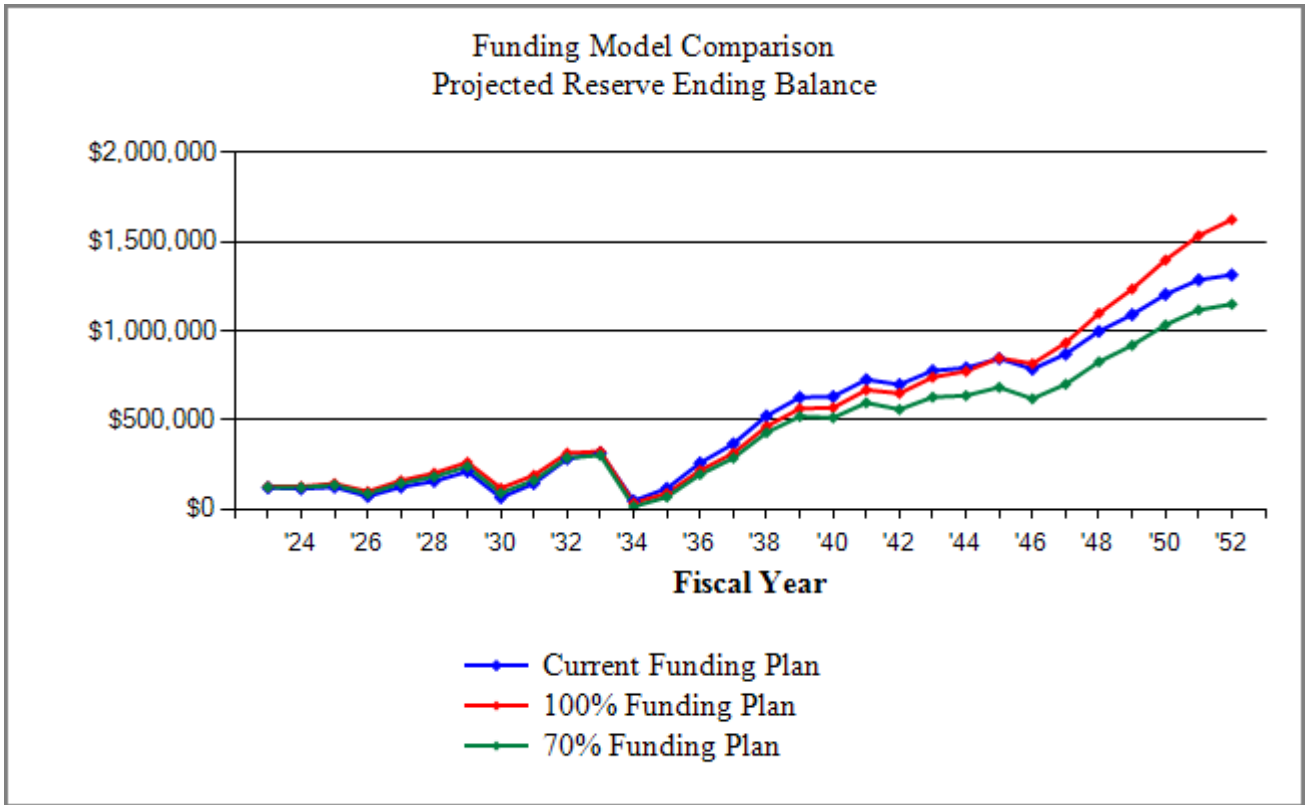
Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2023	64,000	923	45,483	122,178	665,745	18%
2024	69,760	850	75,332	117,455	675,366	17%
2025	76,038	931	65,879	128,546	697,327	18%
2026	82,882	395	134,093	77,729	651,783	12%
2027	90,341	903	36,745	132,228	707,758	19%
2028	98,472	1,206	65,402	166,504	738,486	23%
2029	107,334	1,728	52,562	223,005	786,110	28%
2030	112,701	235	260,571	75,371	623,536	12%
2031	118,336	926	47,239	147,393	678,800	22%
2032	124,253	2,156		273,802	787,691	35%
2033	130,466	2,269	118,457	288,080	780,743	37%
2034	136,989		418,242	6,827	466,478	1%
2035	136,989	4	80,499	63,320	493,922	13%
2036	136,989	1,280	9,993	191,596	598,515	32%
2037	136,989	2,191	47,563	283,213	671,229	42%
2038	136,989	3,589		423,792	799,149	53%
2039	136,989	4,447	55,203	510,025	877,988	58%
2040	136,989	4,309	155,171	496,152	859,870	58%
2041	136,989	5,062	66,314	571,889	936,917	61%
2042	136,989	4,591	188,950	524,519	893,757	59%
2043	136,989	5,151	85,887	580,772	959,866	61%
2044	136,989	5,087	148,454	574,394	967,813	59%
2045	136,989	5,379	113,005	603,757	1,017,136	59%
2046	136,989	4,549	224,980	520,316	956,905	54%
2047	136,989	5,142	82,568	579,879	1,046,663	55%
2048	136,989	6,148	42,028	680,987	1,186,360	57%
2049	136,989	6,807	77,494	747,289	1,299,261	58%
2050	136,989	7,649	59,970	831,957	1,439,435	58%
2051	136,989	8,167	93,092	884,021	1,555,609	57%
2052	136,989	8,142	147,613	881,539	1,625,007	54%

Grand View Villas HOA
Funding Comparison by Percent Funded (Chart)



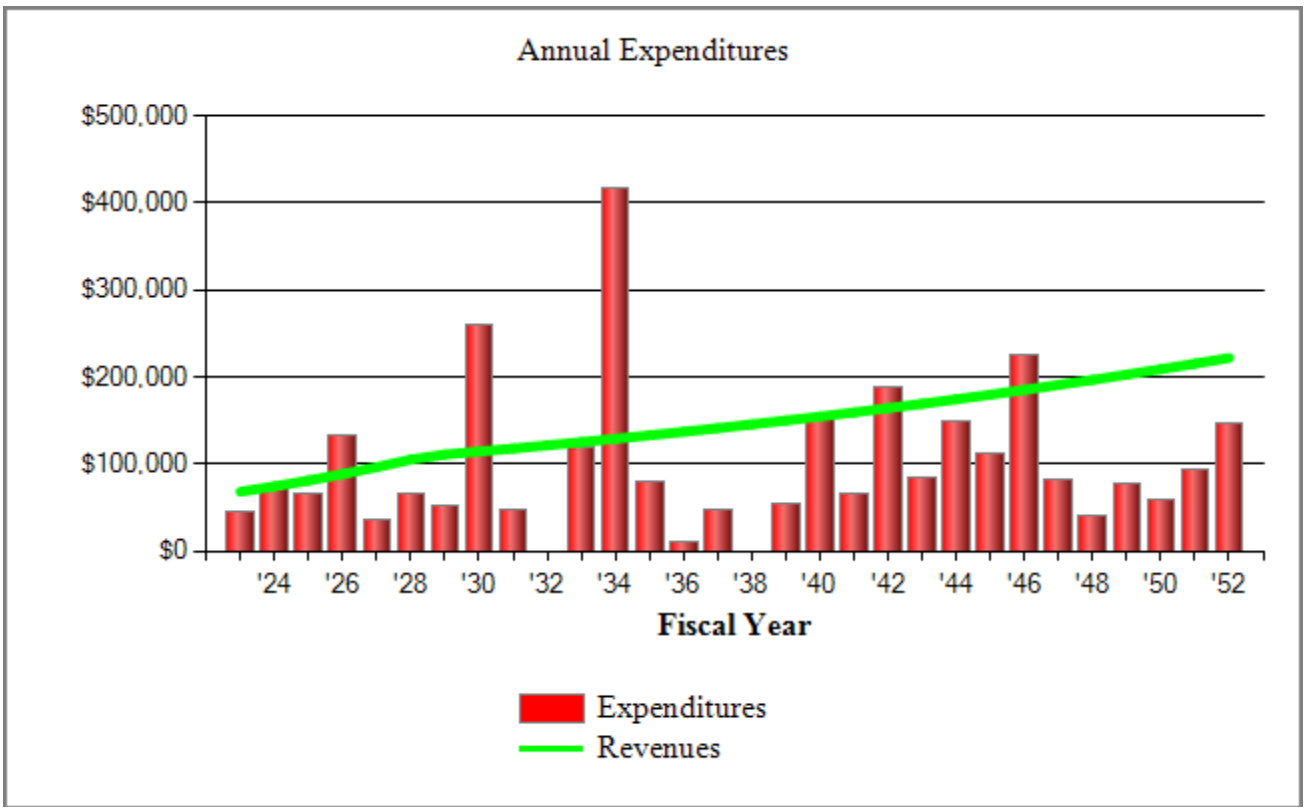
The chart above compares the three funding plans (Current Assessment Funding, Threshold Funding and 100% Component Funding) by the percent funded over 30 years. This allows your association to view and then choose the funding model that might best fit your community's needs.

Grand View Villas HOA
Funding Reserve Ending Balance Comparison (Chart)



The chart above compares the projected annual reserve fund ending balances for the three funding plans (Current Assessment Funding, Threshold Funding and 100% Component Funding) over the 30 year period.

Grand View Villas HOA
Annual Expenses VS Funding Assessment (Chart)



The Annual Expenditures graph demonstrates how the plan seeks to "flatten out" the periodic spikes that occur over time. This aids the Association in proper budget planning while ensuring funds are available to meet the future financial needs.

Grand View Villas HOA
Annual Projects Detail

Description	Expenditures
Replacement Year 2023	
Fire Room Equipment Guards - Install	1,900
Asphalt - Crack Fill	1,500
Wood Surfaces - Repaint/Stain	28,083
Concrete - Replace (partial)	14,000
Total for 2023	**$45,483**
Replacement Year 2024	
Asphalt Roof - Replace Bldg 207	60,787
Gutters - Replace Bldg 207	5,897
Wood Fence - Replace	8,648
Total for 2024	**$75,332**
Replacement Year 2025	
Asphalt - Crack Fill	1,605
Wood Surfaces - Repaint/Stain	30,054
Asphalt - Seal Coat	17,658
Heat Tape - Repair	5,351
Rock Veneer - repair	2,675
Lighting - Replace	8,535
Total for 2025	**$65,879**
Replacement Year 2026	
Trees/Vegetation - Replace (partial)	5,536
Wood Fence - Stain/Seal	1,583
Asphalt Roof - Replace Bldg 203	97,581
Gutters - Replace Bldg 203	9,466
Fire Control Panels - Replace	19,928
Total for 2026	**$134,093**
Replacement Year 2027	
Asphalt - Crack Fill	1,718
Wood Surfaces - Repaint/Stain	32,164
Monument Signs - Refurbish	2,863
Total for 2027	**$36,745**
Replacement Year 2028	
Wood Siding - Replace	65,402
Total for 2028	**$65,402**

Grand View Villas HOA
Annual Projects Detail

Description	Expenditures
Replacement Year 2029	
Asphalt - Crack Fill	1,839
Wood Surfaces - Repaint/Stain	34,421
Retaning/Planter Walls - Refurbish	3,064
Rail Fence - Replace	13,238
Total for 2029	**$52,562**
Replacement Year 2030	
Asphalt - Seal Coat	20,922
Heat Tape - Repair	6,340
Rock Veneer - repair	3,170
Asphalt - Replace	230,139
Total for 2030	**$260,571**
Replacement Year 2031	
Asphalt - Crack Fill	1,968
Wood Surfaces - Repaint/Stain	36,837
Trees/Vegetation - Replace (partial)	6,559
Wood Fence - Stain/Seal	1,876
Total for 2031	**$47,239**
No Replacement in 2032	
Replacement Year 2033	
Asphalt - Crack Fill	2,106
Wood Surfaces - Repaint/Stain	39,423
Concrete - Replace (partial)	19,653
Garage Doors - Replace	57,275
Total for 2033	**$118,457**
Replacement Year 2034	
Deck/Stainway - Rebuild	174,268
Interior Decks - Rebuild	104,561
Stainway Treads - Replace	139,414
Total for 2034	**$418,242**
Replacement Year 2035	
Asphalt - Crack Fill	2,253
Wood Surfaces - Repaint/Stain	42,190

Grand View Villas HOA
Annual Projects Detail

Description	Expenditures
Replacement Year 2035 continued...	
Asphalt - Seal Coat	24,788
Heat Tape - Repair	7,512
Rock Veneer - repair	3,756
Total for 2035	**$80,499**
Replacement Year 2036	
Trees/Vegetation - Replace (partial)	7,771
Wood Fence - Stain/Seal	2,222
Total for 2036	**$9,993**
Replacement Year 2037	
Asphalt - Crack Fill	2,412
Wood Surfaces - Repaint/Stain	45,151
Total for 2037	**$47,563**
No Replacement in 2038	
Replacement Year 2039	
Asphalt - Crack Fill	2,581
Wood Surfaces - Repaint/Stain	48,320
Retaning/Planter Walls - Refurbish	4,302
Total for 2039	**$55,203**
Replacement Year 2040	
Asphalt - Seal Coat	29,370
Heat Tape - Repair	8,900
Rock Veneer - repair	4,450
Wood Siding - Replace	98,256
Lighting - Replace	14,195
Total for 2040	**$155,171**
Replacement Year 2041	
Asphalt - Crack Fill	2,762
Wood Surfaces - Repaint/Stain	51,712
Trees/Vegetation - Replace (partial)	9,207
Wood Fence - Stain/Seal	2,633
Total for 2041	**$66,314**

Grand View Villas HOA
Annual Projects Detail

Description	Expenditures
Replacement Year 2042	
Monument Signs - Refurbish	4,762
Asphalt Roof - Replace Bldg 205	167,901
Gutters - Replace Bldg 205	16,287
Total for 2042	**$188,950**
Replacement Year 2043	
Asphalt - Crack Fill	2,956
Wood Surfaces - Repaint/Stain	55,342
Concrete - Replace (partial)	27,589
Total for 2043	**$85,887**
Replacement Year 2044	
Asphalt Roof - Replace Bldg 207	119,790
Gutters - Replace Bldg 207	11,620
Wood Fence - Replace	17,043
Total for 2044	**$148,454**
Replacement Year 2045	
Asphalt - Crack Fill	3,163
Wood Surfaces - Repaint/Stain	59,226
Asphalt - Seal Coat	34,798
Heat Tape - Repair	10,545
Rock Veneer - repair	5,272
Total for 2045	**$113,005**
Replacement Year 2046	
Trees/Vegetation - Replace (partial)	10,909
Wood Fence - Stain/Seal	3,120
Asphalt Roof - Replace Bldg 203	192,298
Gutters - Replace Bldg 203	18,654
Total for 2046	**$224,980**
Replacement Year 2047	
Asphalt - Crack Fill	3,386
Wood Surfaces - Repaint/Stain	63,383
Shed - Replace	15,799
Total for 2047	**$82,568**

Grand View Villas HOA
Annual Projects Detail

Description	Expenditures
Replacement Year 2048	
Fire Control Panels - Replace	42,028
Total for 2048	**$42,028**
Replacement Year 2049	
Asphalt - Crack Fill	3,623
Wood Surfaces - Repaint/Stain	67,832
Retaning/Planter Walls - Refurbish	6,039
Total for 2049	**$77,494**
Replacement Year 2050	
Asphalt - Seal Coat	41,229
Heat Tape - Repair	12,494
Rock Veneer - repair	6,247
Total for 2050	**$59,970**
Replacement Year 2051	
Asphalt - Crack Fill	3,877
Wood Surfaces - Repaint/Stain	72,593
Trees/Vegetation - Replace (partial)	12,925
Wood Fence - Stain/Seal	3,696
Total for 2051	**$93,092**
Replacement Year 2052	
Wood Siding - Replace	147,613
Total for 2052	**$147,613**

Grand View Villas HOA
Annual Expenditure Spreadsheet

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Beginning Balance	102,738	126,803	127,168	143,851	99,178	160,421	202,096	262,997	117,825	190,189
Annual Assessment	68,600	74,774	81,504	88,839	96,834	105,550	111,355	114,751	118,251	121,858
Interest Earned	948	923	1,059	581	1,153	1,528	2,107	648	1,352	2,573
Expenditures	45,483	75,332	65,879	134,093	36,745	65,402	52,562	260,571	47,239	
Fully Funded Reserves	665,745	675,366	697,327	651,783	707,758	738,486	786,110	623,536	678,800	787,691
Percent Fully Funded	19%	19%	21%	15%	23%	27%	33%	19%	28%	40%
Ending Balance	126,803	127,168	143,851	99,178	160,421	202,096	262,997	117,825	190,189	314,619
Description										
Asphalt - Replace								230,139		
Asphalt - Crack Fill	1,500		1,605		1,718		1,839		1,968	
Asphalt - Seal Coat			17,658					20,922		
Concrete - Replace (partial)	14,000									
Rail Fence - Replace							13,238			
Wood Fence - Replace		8,648								
Wood Fence - Stain/Seal				1,583					1,876	
Rock Veneer - repair			2,675					3,170		
Retaning/Planter Walls - Refurbish							3,064			
Wood Siding - Replace						65,402				
Wood Surfaces - Repaint/Stain	28,083		30,054		32,164		34,421		36,837	
Trees/Vegetation - Replace (partial)				5,536					6,559	
Monument Signs - Refurbish					2,863					
Lighting - Replace			8,535							
Asphalt Roof - Replace Bldg 205										
Asphalt Roof - Replace Bldg 207		60,787								
Asphalt Roof - Replace Bldg 203				97,581						
Gutters - Replace Bldg 205										
Gutters - Replace Bldg 207		5,897								
Gutters - Replace Bldg 203				9,466						
Deck/Stainway - Rebuild										
Stainway Treads - Replace										
Interior Decks - Rebuild										
Garage Doors - Replace										
Fire Control Panels - Replace				19,928						
Heat Tape - Repair			5,351					6,340		
Shed - Replace										

Grand View Villas HOA
Annual Expenditure Spreadsheet

Description	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fire Room Equipment Guards - Install	1,900									
Year Total:	**45,483**	**75,332**	**65,879**	**134,093**	**36,745**	**65,402**	**52,562**	**260,571**	**47,239**	

Grand View Villas HOA
Annual Expenditure Spreadsheet

	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Beginning Balance	314,619	324,390	35,552	88,676	217,639	314,163	464,041	564,142	568,888	668,182
Annual Assessment	125,574	129,404	133,351	137,418	141,610	145,929	150,380	154,966	159,693	164,563
Interest Earned	2,653		273	1,537	2,478	3,949	4,924	4,950	5,916	5,708
Expenditures	118,457	418,242	80,499	9,993	47,563		55,203	155,171	66,314	188,950
Fully Funded Reserves	780,743	466,478	493,922	598,515	671,229	799,149	877,988	859,870	936,917	893,757
Percent Fully Funded	42%	8%	18%	36%	47%	58%	64%	66%	71%	73%
Ending Balance	324,390	35,552	88,676	217,639	314,163	464,041	564,142	568,888	668,182	649,504
Description										
Asphalt - Replace										
Asphalt - Crack Fill	2,106		2,253		2,412		2,581		2,762	
Asphalt - Seal Coat			24,788					29,370		
Concrete - Replace (partial)	19,653									
Rail Fence - Replace										
Wood Fence - Replace										
Wood Fence - Stain/Seal				2,222					2,633	
Rock Veneer - repair			3,756					4,450		
Retaning/Planter Walls - Refurbish							4,302			
Wood Siding - Replace								98,256		
Wood Surfaces - Repaint/Stain	39,423		42,190		45,151		48,320		51,712	
Trees/Vegetation - Replace (partial)				7,771					9,207	
Monument Signs - Refurbish										4,762
Lighting - Replace								14,195		
Asphalt Roof - Replace Bldg 205										167,901
Asphalt Roof - Replace Bldg 207										
Asphalt Roof - Replace Bldg 203										
Gutters - Replace Bldg 205										16,287
Gutters - Replace Bldg 207										
Gutters - Replace Bldg 203										
Deck/Stainway - Rebuild		174,268								
Stainway Treads - Replace		139,414								
Interior Decks - Rebuild		104,561								
Garage Doors - Replace	57,275									
Fire Control Panels - Replace										
Heat Tape - Repair			7,512					8,900		
Shed - Replace										

Grand View Villas HOA
Annual Expenditure Spreadsheet

Description	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Fire Room Equipment Guards - Install										
Year Total:	**118,457**	**418,242**	**80,499**	**9,993**	**47,563**		**55,203**	**155,171**	**66,314**	**188,950**

Grand View Villas HOA
Annual Expenditure Spreadsheet

	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Beginning Balance	649,504	739,783	772,974	847,662	815,523	932,595	1,097,655	1,234,594	1,396,836	1,533,670
Annual Assessment	169,582	174,755	180,085	185,577	191,237	197,070	203,081	209,275	215,658	222,235
Interest Earned	6,583	6,890	7,608	7,264	8,402	10,017	11,352	12,937	14,269	15,132
Expenditures	85,887	148,454	113,005	224,980	82,568	42,028	77,494	59,970	93,092	147,613
Fully Funded Reserves	959,866	967,813	1,017,136	956,905	1,046,663	1,186,360	1,299,261	1,439,435	1,555,609	1,625,007
Percent Fully Funded	77%	80%	83%	85%	89%	93%	95%	97%	99%	100%
Ending Balance	739,783	772,974	847,662	815,523	932,595	1,097,655	1,234,594	1,396,836	1,533,670	1,623,425
Description										
Asphalt - Replace										
Asphalt - Crack Fill	2,956		3,163		3,386		3,623		3,877	
Asphalt - Seal Coat			34,798					41,229		
Concrete - Replace (partial)	27,589									
Rail Fence - Replace										
Wood Fence - Replace		17,043								
Wood Fence - Stain/Seal				3,120					3,696	
Rock Veneer - repair			5,272					6,247		
Retaning/Planter Walls - Refurbish							6,039			
Wood Siding - Replace										147,613
Wood Surfaces - Repaint/Stain	55,342		59,226		63,383		67,832		72,593	
Trees/Vegetation - Replace (partial)				10,909					12,925	
Monument Signs - Refurbish										
Lighting - Replace										
Asphalt Roof - Replace Bldg 205										
Asphalt Roof - Replace Bldg 207		119,790								
Asphalt Roof - Replace Bldg 203				192,298						
Gutters - Replace Bldg 205										
Gutters - Replace Bldg 207		11,620								
Gutters - Replace Bldg 203				18,654						
Deck/Stainway - Rebuild										
Stainway Treads - Replace										
Interior Decks - Rebuild										
Garage Doors - Replace										
Fire Control Panels - Replace						42,028				
Heat Tape - Repair			10,545					12,494		
Shed - Replace					15,799					

Grand View Villas HOA
Annual Expenditure Spreadsheet

Description	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Fire Room Equipment Guards - Install										
Year Total:	**85,887**	**148,454**	**113,005**	**224,980**	**82,568**	**42,028**	**77,494**	**59,970**	**93,092**	**147,613**

PART III

PHYSICAL ANALYSIS

The following pages contain descriptions of each identified reserve component maintained by the association. Each reserve component is shown with its estimated useful life, remaining life, and current cost to replace. Supporting information is included where applicable.

This information is analyzed by computer to produce the cash flow analysis and funding plans.

This component inventory and condition assessment information was obtained during an on-site visit on April 29, 2022 and via subsequent discussions with local contractors, board members or agents for the board. No destructive testing was done to determine the condition of the components that are not readily accessible (for example, sampling plumbing lines or flat roof core samples).

Remaining life estimates are based on typical useful life expectancy minus effective age of components (which may not be the same as chronological age). Published costs and life expectancies may also be used. No representation is made as to how much actual costs and actual life expectancies at the time of future replacement may differ from estimates contained herein. Because actual contractor bids vary considerably, it is entirely possible that the association may select a bid that is more costly or less costly than the estimates provided. Also note that contractor estimates discussed on the following pages are not to be interpreted as formal bids or as an endorsement of that particular contractor.

This on-site inspection is not to be considered as a project audit or quality inspection.

Grand View Villas HOA
Inventory Summary Report

Report Date	August 21, 2022
Beginning Fiscal Year	January 01, 2023
Account Number	9173-2

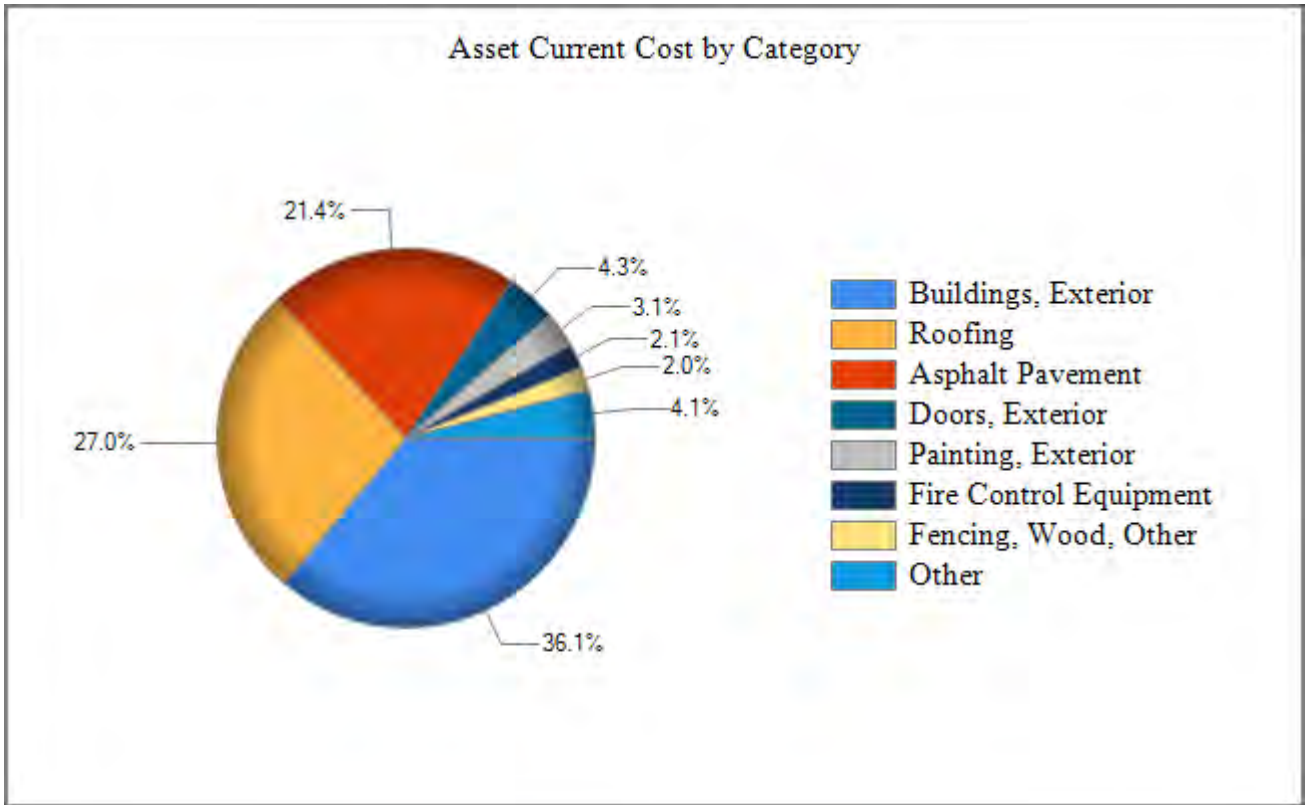
Version Number 3.0

Description	Next Service Dt.	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Asphalt - Replace	2030	181,500	25	2	7	230,139	33000 @	5.50
Asphalt - Crack Fill	2023	1,500	2	0	0	1,500	1 @	1,500.00
Asphalt - Seal Coat	2025	16,500	5	0	2	17,658	33000 @	0.50
Concrete - Replace (partial)	2023	14,000	10	0	0	14,000	1 @	14,000.00
Rail Fence - Replace	2029	10,800	25	0	6	13,238	450 @	24.00
Wood Fence - Replace	2024	8,360	20	0	1	8,648	220 @	38.00
Wood Fence - Stain/Seal	2026	1,430	5	0	3	1,583	220 @	6.50
Rock Veneer - repair	2025	2,500	5	0	2	2,675	1 @	2,500.00
Retaning/Planter Walls - Refurbish	2029	2,500	10	0	6	3,064	1 @	5,000.00
Wood Siding - Replace	2028	55,200	12	0	5	65,402	46000 @	12.00
Wood Surfaces - Repaint/Stain	2023	28,083	2	0	0	28,083	46000 @	1.85
Trees/Vegetation - Replace (partial)	2026	5,000	5	0	3	5,536	1 @	5,000.00
Monument Signs - Refurbish	2027	2,500	15	0	4	2,863	1 @	2,500.00
Lighting - Replace	2025	7,975	15	0	2	8,535	145 @	110.00
Asphalt Roof - Replace Bldg 205	2042	88,140	20	0	19	167,901	41600 @	5.65
Asphalt Roof - Replace Bldg 207	2024	58,760	20	0	1	60,787	41600 @	5.65
Asphalt Roof - Replace Bldg 203	2026	88,140	20	0	3	97,581	41600 @	5.65
Gutters - Replace Bldg 205	2042	8,550	20	0	19	16,287	1900 @	12.00
Gutters - Replace Bldg 207	2024	5,700	20	0	1	5,897	1900 @	12.00
Gutters - Replace Bldg 203	2026	8,550	20	0	3	9,466	1900 @	12.00
Deck/Stainway - Rebuild	2034	120,000	30	0	11	174,268	12 @	10,000.00
Stainway Treads - Replace	2034	96,000	30	0	11	139,414	12 @	8,000.00
Interior Decks - Rebuild	2034	72,000	30	0	11	104,561	16 @	4,500.00
Garage Doors - Replace	2033	40,800	30	0	10	57,275	48 @	850.00
Fire Control Panels - Replace	2026	18,000	22	0	3	19,928	3 @	6,000.00
Heat Tape - Repair	2025	5,000	5	0	2	5,351	1 @	5,000.00
Shed - Replace	2047	7,000	25	0	24	15,799	1 @	7,000.00
Fire Room Equipment Guards - Inst..	2023	1,900	1	0	0	1,900	1 @	1,900.00

Grand View Villas HOA
Inventory by Remaining Life

Description	Remaining Life	Replacement Year	Fully Funded Reserves
Asphalt - Crack Fill	0	2023	1,500
Fire Room Equipment Guards - Install	0	2023	1,900
Concrete - Replace (partial)	0	2023	14,000
Wood Surfaces - Repaint/Stain	0	2023	28,083
Gutters - Replace Bldg 207	1	2024	5,415
Wood Fence - Replace	1	2024	7,942
Asphalt Roof - Replace Bldg 207	1	2024	55,822
Rock Veneer - repair	2	2025	1,500
Heat Tape - Repair	2	2025	3,000
Lighting - Replace	2	2025	6,912
Asphalt - Seal Coat	2	2025	9,900
Wood Fence - Stain/Seal	3	2026	572
Trees/Vegetation - Replace (partial)	3	2026	2,000
Gutters - Replace Bldg 203	3	2026	7,267
Fire Control Panels - Replace	3	2026	15,545
Asphalt Roof - Replace Bldg 203	3	2026	74,919
Monument Signs - Refurbish	4	2027	1,833
Wood Siding - Replace	5	2028	32,200
Retaning/Planter Walls - Refurbish	6	2029	1,000
Rail Fence - Replace	6	2029	8,208
Asphalt - Replace	7	2030	134,444
Garage Doors - Replace	10	2033	27,200
Interior Decks - Rebuild	11	2034	45,600
Stainway Treads - Replace	11	2034	60,800
Deck/Stainway - Rebuild	11	2034	76,000
Gutters - Replace Bldg 205	19	2042	427
Asphalt Roof - Replace Bldg 205	19	2042	4,407
Shed - Replace	24	2047	280

Grand View Villas HOA
Asset Current Cost by Category (Chart)



The **Asset Cost by Category** chart assists the Association in identifying those components that have a high financial significance. The more time and effort that is spent with those significant items, the better off the fund will be in the long run. The implementation of a proper maintenance plan that will add even a few more years to the life of a significant component can have a dramatic effect on the overall plan.

Grand View Villas HOA
Asset Index

Description	Replacement	Page
Asphalt - Replace	2030	3-5
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Monument Signs - Refurbish	2027	3-17
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Asphalt Roof - Replace Bldg 205	2042	3-19
Asphalt Roof - Replace Bldg 207	2024	3-20
Asphalt Roof - Replace Bldg 203	2026	3-21
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Gutters - Replace Bldg 203	2026	3-24
Deck/Stainway - Rebuild	2034	3-25
Stainway Treads - Replace	2034	3-26
Interior Decks - Rebuild	2034	3-27
Garage Doors - Replace	2033	3-28
Fire Control Panels - Replace	2026	3-29
Heat Tape - Repair	2025	3-30
Shed - Replace	2047	3-31
Fire Room Equipment Guards - Install	2023	3-32

Total Funded Assets	28
Total Unfunded Assets	0
Total Assets	28

Asphalt - Replace

	Asphalt Pavement
Placed in Service	January 2003
Useful Life	25
Adjustment	2
Replacement Year	2030
Remaining Life	7

Quantity	33,000 GSF
Asset Actual Cost	$181,500.00
Percent Replacement	100%
Future Cost	$230,138.93

Asphalt areas appeared in overall fair condition throughout with some noted cracking from settling in several areas. Plan on regular cycles of seal and repair after resurface project, which is recommended for maximum design life. As part of routine maintenance, keep surface clean and free of debris, ensure that drains are free flowing, repair cracks and clean oil stains promptly.

Asphalt - Crack Fill

	Asphalt Pavement
Placed in Service	January 2021
Useful Life	2
Replacement Year	2023
Remaining Life	0

Quantity	1 Allowance
Asset Actual Cost	$1,500.00
Percent Replacement	100%
Future Cost	$1,500.00

Recommend regular inspections and crack/fill work to mitigate any subsurface moisture. Subsurface moisture and loads typically contribute to accelerated deterioration. Also, timing (what month work is performed) is important in determining when crack/fill work should be completed, in order to take advantage of maximum shrinkage (expanding crack) and workability of materials.

Asphalt - Seal Coat

	Asphalt Pavement
Placed in Service	January 2020
Useful Life	5
Replacement Year	2025
Remaining Life	2

Quantity	33,000 GSF
Asset Actual Cost	$16,500.00
Percent Replacement	100%
Future Cost	$17,658.14

Asphalt surface is in overall fair condition, but is extremely dry with several area of cracking. Plan on a regular application of an impervious surface treatment for the long-term care of asphalt paving. The primary reason to seal coat asphalt pavement is to protect the pavement from the deteriorating effects of sun and water. When an asphalt pavement is exposed to sun, wind and water, the asphalt oxidizes (hardens). This causes the pavement to become more brittle. As a result, the pavement will crack because it is unable to bend and flex when exposed to traffic and temperature changes. A seal coat combats this situation by providing a barrier which not only slows down the oxidation process, but also helps the pavement to shed water, preventing it from entering the underlying base material. Seal coat also provides uniform appearance, concealing the inevitable patching and repairs, which accumulate over time. Seal coat ultimately extends useful life of asphalt, postponing the asphalt resurfacing, which can be one of the larger cost items in the reserve study. See previous component for asphalt resurfacing costs. Repair asphalt before seal coating. Surface preparation and weather, during and following application, is key to lasting performance. Installations of seal coats are affected greatly by weather conditions. The ideal conditions are a warm, sunny day with low humidity. Rain or snow can cause major problems when seal coating. Seal coating should never be done when showers are threatening. Apply two coats or flood application of a quality asphalt emulsion. Fill cracks and clean oil stains promptly in between cycles as routine maintenance.

Concrete - Replace (partial)

	Concrete, Other Areas
Placed in Service	January 2013
Useful Life	10
Replacement Year	2023
Remaining Life	0

Quantity	1 Allowance
Asset Actual Cost	$14,000.00
Percent Replacement	100%
Future Cost	$14,000.00



Concrete ranges from good to fair condition with some noted areas of cracking and chipping. A replacement project at the front of building 1 is planned for 2022. The garage bibs and garage slabs have experienced significant deteroriation due to water run-off and repeated freeze thaw cycles. Funding anticipates replacing the bibs (360 SF) as well as a portion (720 SF) of the garage slabs. Recommend repairing any trip/fall hazards immediately and inspect concrete regularly for any damage. Repair and replace concrete to mitigate any subsurface moisture which will accelerate deterioration. Funding is to replace sections of concrete as needed, with no anticipation of replacing all concrete at one time.

Rail Fence - Replace

	Fencing, Wood, Other
Placed in Service	January 2004
Useful Life	25
Replacement Year	2029
Remaining Life	6

Quantity	450 lin. ft.
Asset Actual Cost	$10,800.00
Percent Replacement	100%
Future Cost	$13,237.52

The wood rail fence is in good to fair condition with limited signs of damage, but some noted weathering. Funding is based on maintaining fence by periodic sealing or staining. Recommend periodic inspections to identify and treat damaged areas in order to avoid more costly repairs in the future.

Wood Fence - Replace

	Fencing, Wood, Other
Placed in Service	January 2004
Useful Life	20
Replacement Year	2024
Remaining Life	1

Quantity	220 lin. ft.
Asset Actual Cost	$8,360.00
Percent Replacement	100%
Future Cost	$8,648.42

The wood fence ranges from good to fair condition with some signs of fading, cracked, and warped boards and loose nails. Useful life may vary by integrity of posts (how well they are secured), and exposure to the elements.

Wood Fence - Stain/Seal

Quantity	220 lin. ft.
Asset Actual Cost	$1,430.00
Percent Replacement	100%
Future Cost	$1,583.17

	Painting, Exterior
Placed in Service	January 2021
Useful Life	5
Replacement Year	2026
Remaining Life	3

Wood fence is in overall good to fair condition with some limited signs of fading and wear. Recommend the regular application of a quality wood surface stain or sealer to protect the wood from the elements.

Rock Veneer - repair

		Quantity	1 Allowance
		Asset Actual Cost	$2,500.00
		Percent Replacement	100%
	Buildings, Exterior	Future Cost	$2,675.48
Placed in Service	January 2020		
Useful Life	5		
Replacement Year	2025		
Remaining Life	2		

Rock veneer is in overall good condition with minor areas of cracked grout. Recommend periodic inspections to ensure grout is intact. Subsurface moisture which exposed to a freeze/thaw cycle will accelerate the useful life of this component. Funding is for periodic repointing of grout.

Retaning/Planter Walls - Refurbish

Quantity	1 Allowance
Asset Actual Cost	$2,500.00
Percent Replacement	50%
Future Cost	$3,064.24

	General Common Area
Placed in Service	January 2019
Useful Life	10
Replacement Year	2029
Remaining Life	6



The tie planter boxes and retaining walls are in overall good to condition with some signs of deteriorated wood and minor movement, particularly at building 1. It is anticipate that the wood at building 1 will be repaired in conjunction with the concrete replacement project. Anticipate replacing areas as needed. Areas where ties are used as steps should be monitored closely and any trip and fall hazards should be repaired immediately.

Wood Siding - Replace

		Quantity	46,000 GSF
		Asset Actual Cost	$55,200.00
		Percent Replacement	10%
	Buildings, Exterior	Future Cost	$65,402.08
Placed in Service	January 2016		
Useful Life	12		
Replacement Year	2028		
Remaining Life	5		

Cedar siding is in good condition with minor areas of fading. Siding, depending on exposure and orientation, is aging differently. Because cedar is readily available, and replacement will not be subject to profile and grain pattern changes as you would find in a manufactured product, replacement is anticipated to be performed on an as-needed basis with no anticipation of replacing all siding at one time. Recommend regular stain and seal to prevent moisture penetration which will reduce the life of this component.

Wood Surfaces - Repaint/Stain

	Painting, Exterior
Placed in Service	January 2021
Useful Life	2
Replacement Year	2023
Remaining Life	0

Quantity	46,000 GSF
Asset Actual Cost	$28,083.00
Percent Replacement	33%
Future Cost	$28,083.00

Stain is in generally good condition with some areas showing minor signs of fading. Recommend the application of a quality sealer to protect the wood from the elements. Anticipate projects will be funded as needed with one building completed every other year, so that all buildings are completed every six years. Funding also includes a portion of the garage structures.

Trees/Vegetation - Replace (partial)

Quantity	1 Allowance
Asset Actual Cost	$5,000.00
Percent Replacement	100%
Future Cost	$5,535.56

	Landscape and Equipment
Placed in Service	January 2021
Useful Life	5
Replacement Year	2026
Remaining Life	3

Trees and vegetation appear in overall good to fair condition. Funding is for ongoing replacement of trees and vegetation due to winter kill and disease, as well a general maintenance such as trimming. We recommend consulting a licensed arborist pror to replacing trees.

Monument Signs - Refurbish

	Signage
Placed in Service	January 2012
Useful Life	15
Replacement Year	2027
Remaining Life	4

Quantity	1 Each
Asset Actual Cost	$2,500.00
Percent Replacement	100%
Future Cost	$2,863.27

Sign is decorative carved stone with painted lettering. Sign is in good condition overall. Anticipate repairing or refurbishing stonework and lettering on a cyclical basis as well as staining wood in conjunction with building stain projects.

Lighting - Replace

		Quantity	145 Each
		Asset Actual Cost	$7,975.00
		Percent Replacement	50%
	Lighting, Exterior	Future Cost	$8,534.77
Placed in Service	January 2010		
Useful Life	15		
Replacement Year	2025		
Remaining Life	2		



Light inventory includes garage lights, entry, porch lights and miscellaneous fixtures. Anticipate replacing items on an as-needed basis with no anticipation of replacing all items at one time. It appears that some replacement has been completed.

Asphalt Roof - Replace Bldg 205

Quantity	41,600 GSF
Asset Actual Cost	$88,140.00
Percent Replacement	37.5%
Future Cost	$167,900.68

	Roofing
Placed in Service	January 2022
Useful Life	20
Replacement Year	2042
Remaining Life	19

Asphalt shingles on **Building 1** appear in overall fair to poor condition with areas of raised/buckled shingles and some noted granular loss. Roofs appear to be a Tamko Heritage product. Anticipate a shorter useful life than advertised by the manufacturer in all cases due to extreme weather conditions. Recommend yearly inspections by a qualified roofer to ensure roof and flashings are intact and maintained. Funding anticipates the replacement of a portion of the garage roof in conjunction with roof replacement projects. Costs include replacement of roof vents.

Asphalt Roof - Replace Bldg 207

Quantity	41,600 GSF
Asset Actual Cost	$58,760.00
Percent Replacement	25%
Future Cost	$60,787.22

	Roofing
Placed in Service	January 2004
Useful Life	20
Replacement Year	2024
Remaining Life	1

Asphalt shingles on Building 2 appear in overall fair to poor condition with areas of raised/buckled shingles and some noted granular loss. Roofs appear to be a Tamko Heritage product. Anticipate a shorter useful life than advertised by the manufacturer in all cases due to extreme weather conditions. Recommend yearly inspections by a qualified roofer to ensure roof and flashings are intact and maintained. Funding anticipates the replacement of a portion of the garage roof in conjunction with roof replacement projects. Costs include $16,800 for the replacement of 12 roof vents.

Asphalt Roof - Replace Bldg 203

Quantity	41,600 GSF
Asset Actual Cost	$88,140.00
Percent Replacement	37.5%
Future Cost	$97,580.84

	Roofing
Placed in Service	January 2006
Useful Life	20
Replacement Year	2026
Remaining Life	3

Asphalt shingles on Building 3 appear in overall fair condition with areas of raised/buckled shingles and some noted granular loss. Roofs appear to be a Tamko Heritage product. Anticipate a shorter useful life than advertised by the manufacturer in all cases due to extreme weather conditions. Recommend yearly inspections by a qualified roofer to ensure roof and flashings are intact and maintained. Funding anticipates the replacement of a portion of the garage roof in conjunction with roof replacement projects. Costs include $25,300 for the replacement of 18 roof vents.

Gutters - Replace Bldg 205

Quantity	1,900 LF
Asset Actual Cost	$8,550.00
Percent Replacement	37.5%
Future Cost	$16,287.16

	Roofing
Placed in Service	January 2022
Useful Life	20
Replacement Year	2042
Remaining Life	19

Gutters and downspouts are in overall good condition. Recommend yearly inspections to ensure gutters and downspouts are clean, and repair any leaks or damaged areas. Proper water flow is important to mitigating any fascia damage and ensuring water is directed away from the foundations of the buildings. Funding anticipates replacement in conjunction with roof replacement projects. Funding also anticipates the addition of gutters to the front of all garage building to protect concrete from winter freeze/thaw cycles. Funding anticipates the replacement of a portion of the garage gutters in conjunction with roof replacement projects.

Gutters - Replace Bldg 207

	Roofing
Placed in Service	January 2004
Useful Life	20
Replacement Year	2024
Remaining Life	1

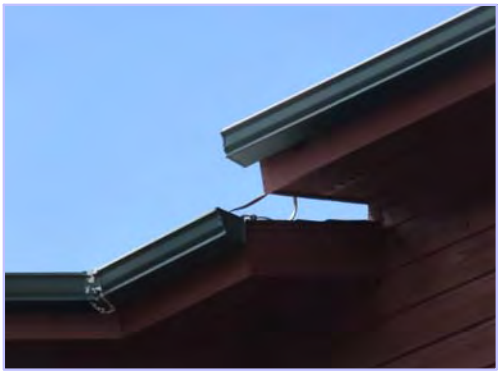
Quantity	1,900 LF
Asset Actual Cost	$5,700.00
Percent Replacement	25%
Future Cost	$5,896.65

Gutters and downspouts are in overall good condition. Recommend yearly inspections to ensure gutters and downspouts are clean, and repair any leaks or damaged areas. Proper water flow is important to mitigating any fascia damage and ensuring water is directed away from the foundations of the buildings. Funding anticipates replacement in conjunction with roof replacement projects. Funding also anticipates the addition of gutters to the front of all garage building to protect concrete from winter freeze/thaw cycles. Funding anticipates the replacement of a portion of the garage gutters in conjunction with roof replacement projects.

Gutters - Replace Bldg 203

Quantity	1,900 LF
Asset Actual Cost	$8,550.00
Percent Replacement	37.5%
Future Cost	$9,465.81

	Roofing
Placed in Service	January 2006
Useful Life	20
Replacement Year	2026
Remaining Life	3



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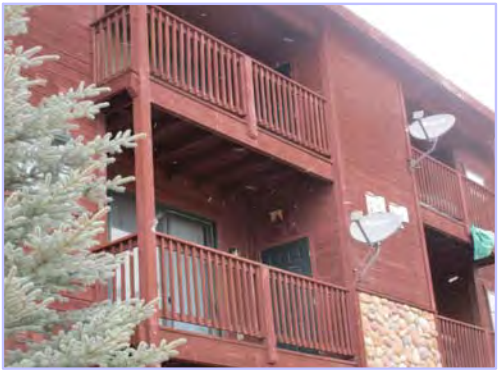
Deck/Stainway - Rebuild

	Buildings, Exterior
Placed in Service	January 2004
Useful Life	30
Replacement Year	2034
Remaining Life	11

Quantity	12 Each
Asset Actual Cost	$120,000.00
Percent Replacement	100%
Future Cost	$174,267.62



Decks and stairways are in overall good condition with a few signs of shifting and settling. Funding anticipates periodic repairs to level decks and reinforce stairways. This components will need constant evaluation as the community ages and may need adjustment in future reports.

Stainway Treads - Replace

		Quantity	12 Each
		Asset Actual Cost	$96,000.00
		Percent Replacement	100%
	Buildings, Exterior	Future Cost	$139,414.09
Placed in Service	January 2004		
Useful Life	30		
Replacement Year	2034		
Remaining Life	11		

Decks and stairways are in overall good condition with a few signs of shifting and settling. Funding anticipates periodic repairs to level decks and reinforce stairways. This components will need constant evaluation as the community ages and may need adjustment in future reports.

Interior Decks - Rebuild

	Buildings, Exterior
Placed in Service	January 2004
Useful Life	30
Replacement Year	2034
Remaining Life	11

Quantity	16 Each
Asset Actual Cost	$72,000.00
Percent Replacement	100%
Future Cost	$104,560.57

Structurally supported decks are in overall good condition. Funding anticipates periodic repairs to deck surfaces and trusses. This components will need constant evaluation as the community ages and may need adjustment in future reports.

Garage Doors - Replace

	Doors, Exterior
Placed in Service	January 2003
Useful Life	30
Replacement Year	2033
Remaining Life	10

Quantity	48 Each
Asset Actual Cost	$40,800.00
Percent Replacement	100%
Future Cost	$57,275.00

The metal garage doors appear in overall good condition. Anticipate regular painting in conjunction with building staining projects. Plan to replace due to age and use to maintain community appearance.

Fire Control Panels - Replace

Quantity	3 Each
Asset Actual Cost	$18,000.00
Percent Replacement	100%
Future Cost	$19,928.01

	Fire Control Equipment
Placed in Service	January 2004
Useful Life	22
Replacement Year	2026
Remaining Life	3

The (3) fire monitoring systems consisting of Silent Knight control panels and enunciators are in overall good condition and working properly. Anticipate replacement as future technologies become available.

Heat Tape - Repair

		Quantity	1 Each
		Asset Actual Cost	$5,000.00
		Percent Replacement	100%
	Asphalt Pavement	Future Cost	$5,350.95
Placed in Service	January 2020		
Useful Life	5		
Replacement Year	2025		
Remaining Life	2		

Heat tape is located throughout the community to assist with snow melt and prevent gutters from freezing. Funding is to add or replace tape as needed with no anticipation of replacing all tape at one time.

Shed - Replace

		Quantity	1 Each
		Asset Actual Cost	$7,000.00
		Percent Replacement	100%
	General Common Area	Future Cost	$15,799.01
Placed in Service	January 2022		
Useful Life	25		
Replacement Year	2047		
Remaining Life	24		

Funding is to install a work shed, similar in appearance to the garage structures.

Fire Room Equipment Guards - Install

		Quantity	1 Allowance
		Asset Actual Cost	$1,900.00
		Percent Replacement	100%
	Fire Control Equipment	Future Cost	$1,900.00
Placed in Service	January 2022		
Useful Life	1		
Replacement Year	2023		
Remaining Life	0		

Funding is to install metal protection devices in three fire equipment closets.

PART IV

GENERAL INFORMATION

Implementing your Study (A Board's Planning Tool)

Your Reserve Study results may be simple or complex. In most cases, the results require a minor adjustment to the contribution, often offset by the reclassification of work from the operating budget to the reserve budget. In some cases, however, the reserve study results can be complex, requiring the development of a *strategic plan* that may take several years to implement.
In either case, communication is the key. Most Association Members are aware of the strengths and weaknesses of their community, even if they are never publicly discussed. We have found very little resistance to even the most difficult plans if communicated properly.
Generally, the Board can successfully implement the study in these four easy steps:

Step 1: Board Meeting
The Board of Directors has the responsibility to do what is in the best interest of the Association and has significant influence; therefore, the first step is for the Board to meet. This meeting should discuss the results of the reserve study. Invite the Association Manager to attend. The purpose of this meeting should be for the Board to better understand the financial position and the upcoming reserve requirements of the Association. This includes understanding what most influences the results of the Reserve Study

Step 2: Make a Plan
The Board should then create a plan to determine how best to manage the Association's common area assets and financial position. Using this Reserve Study as a guide, the Board should make the adjustments required to meet the needs of the Association and its members. This includes setting the Reserve Contribution amount.

Step 3: Association Meeting
After the Board has determined the best course of action, present it to the Association. This allows them to ask questions and understand the direction the community will be heading. This is by far the most important step. Communicating with owners the reasons why will help significantly. Additionally, this brings confidence in the leadership of the Board and unity among the Association members.

Step 4: Update and Adjust
This Reserve Study is a one-year document. It needs to be updated and adjusted annually. Additionally, we recommend regular reviews of your plan. Assess progress and make adjustments as necessary. As already mentioned, we recommend communicating regular updates to the Association members. Whether a major project is underway or postponed for various reasons, the membership will appreciate the update. The purpose of this Reserve Study is to help your community succeed. That only works when you are proactive and consistent.

There are 4 keys to implementing your plan effectively:

- be persistent
- make incremental changes
- monitor & implement your plan continuously
- keep your eye on the ball

Consistently using these keys will help you follow your plan and achieve your goals.

Tips for Presenting the Results
Often, the Association Members will be presented with bad news in the form of significant increases or special assessments. In our experience, it is best to have an impartial party, such as your Reserve Provider present the results. This allows the facts to be presented without having to deal with blame or accusations of delivering an "agenda". If you wish to proceed on your own, this outline has been successful:

- Be positive! A positive, energetic presentation will help to reduce stress
- Clearly explain the reserve process
- Highlight the concepts of "fairness" and "paying for what is being used" rather than referring to component replacements as future purchases
- Highlight the concept of ongoing deterioration. There's nothing anyone can to do stop it!
- Explain how you got to your position without pointing fingers
- Assure the Members that you are on the right path
- Remember, there's only 3 ways to pay for reserve projects: increase in dues; special assessments or a loss in value due to deferred maintenance. One of the three must be met.

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 the 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.

After we have a Reserve Study completed, what do we do with it?

Step 1: Board Meeting
The Board of Directors has the responsibility to do what is in the best interest of the Association and has significant influence; therefore, the first step is for the Board to meet. This meeting should discuss the results of the reserve study. Invite the Association Manager to attend. The purpose of this meeting should be for the Board to better understand the financial position and the upcoming reserve requirements of the Association. This includes understanding what most influences the results of the Reserve Study

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There are 4 keys to implementing your plan effectively:

- be persistent

- make incremental changes
- monitor & implement your plan continuously
- keep your eye on the ball

Consistently using these keys will help you follow your plan and achieve your goals.

How often do we update or review the Reserve Study?

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 Study 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. Deterioration rates and repair/replacement costs may vary from causes that are unforeseen. Earned interest rates may vary from year to year.

These variations could alter the content of the Reserve Study. Therefore, this analysis should be reviewed annually, and a property inspection 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. Even if it is not currently governed by your State, the chances are very good that the documents of the association require the association to have a reserve fund established. This doesn't mean a Reserve Study is required, but how are you going to know you have enough funds in the account if you don't have the proper information? Some associations look at the reserve fund and think that $50,000 is a lot of money and they are in good shape. What they don't know is that the roof is going to 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 is a "Reserve Component" versus an "Operating Component"?

A "Reserve" component is an item that is the responsibility of the association to maintain, has a limited useful life, predictable remaining useful life, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold amount. 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.

What are the gray areas 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.

What happens during the Property Inspection?

The Property Inspection 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 Community Association Reserves 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 inspection. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the inspection. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property.

What is the Financial Analysis?

We projected the starting balance by taking the most recent balance statement, adding expected reserve contributions for the rest of the fiscal year, and subtracting any pending projects that will be paid for before the end of the current fiscal 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 is considered a "fair" financial position. The majority of associations fall into this category. 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 is considered a "strong" financial position. This indicates financial strength of a reserve fund and every attempt to maintain this level should be a goal of the association.

100% Funded is considered an "ideal" financial position. This means that the association has

the exact amount of funds in the reserve account.

Definition of Terms Used

A reserve study contains a number of industry-related terms and phrases. To help you better understand the reserve study process and reports, we've provided definitions for the most commonly used terms.

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 - The 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) predictable remaining useful life expectancies, 4) above a minimum threshold cost, 5) as required by local codes.

Component Assessment and Valuation - The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components. This task is accomplished either with or without on-site visual observations, based on the level of service selected by the client.

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, review of established association precedents and discussion with appropriate association representative(s) of the association or cooperative.

Component Method - A method of developing a reserve funding plan where the total contribution is based on the sum of contributions for individual components. See "cash flow method".

Condition Assessment - The task of evaluating the current condition of the component based on observed or reported characteristics.

Current Replacement Cost - See "replacement cost".

Deficit - An actual (or projected) reserve balance less than the fully funded balance. The opposite would be a surplus.

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.

Field Inspection - A site visit which includes a visual inspection of all components. In cases where plans of the property are unavailable, it would also include the quantity survey.

Financial Analysis - The portion of a reserve study where the 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 a reserve study.

Fully Funded - 100% funded. When the actual (or projected) reserve balance is equal to the fully funded balance.

Fully Funded Balance (FFB) - Total accrued depreciation. 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 summed together for an association total. Two formulae can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: both yield identical results when interest and inflation are equivalent.

FFB = Current Cost x Effective Age/Useful Life, or
FFB = (Current Cost x Effective Age/Useful Life) + [(Current Cost x Effective Age/Useful Life) / (1 + Interest Rate) ^ Remaining Life] - [(Current Cost x Effective Age/Useful Life) / (1 + Inflation Rate) ^ Remaining 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 cash balance above zero.

Full Funding - Setting a reserve funding goal of attaining and maintaining reserves at or near 100% funded.

Statutory Funding - Establishing a reserve funding goal of setting aside the specific minimum amount of reserves required by local statutes.

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 "fully funding. "

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 fully funded 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 "zero" 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 that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as reserves, reserve accounts, cash reserves. Based upon information provided and not audited.

Reserve Study Provider - An individual that prepares reserve studies.

Reserve Study - A budget planning tool which 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.

Responsible Charge - A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or the presence in a field office maintained exclusively for a specific project;

2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;

3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;

4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

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 greater than the fully funded balance. See "deficit. "

Useful Life (UL) - Total useful life or depreciable life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

Disclosures and Limitations

Community Association Reserves has relied upon certain information provided by Association representatives in the performance of this reserve study. Such information includes, but is not necessarily limited to, financial data, identification or quantification of common area components, and historical maintenance information. Such information is deemed reliable by Community Association Reserves. This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialists and independent contractors, the Community Associations Institute, various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator and the McGraw Hill Book Company. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of the preparation of reserve analysis studies.

The reserve study is a reflection of information provided to Community Association Reserves and this report has been assembled for use by the Association. This report has not been audited, nor subjected to a forensic or quality analysis, or background checks of historical records.

The reserve balance projected in this report is based upon information provided by the Association to Community Association Reserves and was not audited.

Information provided to Community Association Reserves by the Association about reserve projects is considered reliable. The on-site visit cannot be considered a project audit or a quality visit. No forensic or destructive testing was completed.

Neither Community Association Reserves, nor its owners individually have other relationships with the Association that would represent a conflict of interest.

Your Community Association Reserves, Reserve Specialist is Richard Hamilton, RS, PRA. Mr. Hamilton has been preparing reserve studies and capital budgets since 1986 and has performed hundreds of reserve studies. His reserve study experience encompasses all types of reserve studies, including condominium, townhome, master home owner, business park, resort, hotel and timeshare associations.

Mr. Hamilton holds the Reserve Specialist (RS) designation issued by the CAI, the National Community Association Institute, and is a member of the CAI. Mr. Hamilton also holds the designation of Professional Reserve Analyst (PRA) issued by the Association of Professional Reserve Analysts (APRA).

Mr. Hamilton has worked as a Controller for a large real estate investment and management firm and possesses the skills directly applicable to preparation of a financial forecast for future major repairs and replacements. The skill-set involved in the above described experience and designations represent the skills most directly applicable to evaluation of existing facilities for purposes of a reserve study.

The site visit includes observations of all visible common area components, unless otherwise indicated on the detail component listing. No destructive testing was performed.

We are not aware of any material issues which, if not disclosed, would cause a significant distortion of the Association's reserve status or funding plan.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and each estimated useful life will approximate that of the norm per industry standards and/or manufacture specifications used. In some cases, estimates may have been used on assets which have an indeterminable, but potential liability to the association.

PART V

MEMBER'S SUMMARY

Members Summary

Grand View Villas HOA
2023 - 2052

Overview

Reserves are essentially a separate account that is setup by the association to fund large repairs that do not come up on a regularly recurring basis. Some examples of these repairs are asphalt paving, major equipment replacement, roof replacements, or interior common improvements. Capital reserves are not used for regularly occurring expenses like landscaping, maintenance or utilities - those items come out of the operating account.

The study is a forecast, estimating when certain components of the property would be due for repair or replacement and the expense associated with having this work performed. While the Reserve Study is a projection, it is based on projects that are both inevitable and predictable. The study provides Boards with reliable numbers to work with in attempting to fund reserves at the same pace as the property's deterioration and in time for repair or replacement costs.

A reserve plan will outline where your association's Reserve Fund currently stands, and where to go from here. By providing your association with comprehensive inventory and assessment of all common elements and an in-depth analysis of their condition and cost, the report will greatly assist your association in reaching financial stability.

The analysis measures the status of your reserve fund in both actual monetary figures and the percent funded. The percent funded is particularly important as it will give you a goal to work towards relative to your association's needs. It is also a good measure of your Association's level of risk for financial disaster or the need for a special assessment. A percent funded in the 0% - 29% range is considered "weak", with a high level of risk. A range of 30% - 69% funded is considered "fair", with a moderate risk and a percent funded of 70% - 100% is considered "strong" with minimal risk to the Association Members.

Percent funded is a rolling metric that measures the relation of actual to ideal cash on hand at the end of each fiscal year. The easiest way to understand what 100% or fully funded represents is to take the example of a component that has a service life of 10 years and a replacement cost of $10,000. The required funding is a straight line depreciation figure so for each year in service you should ideally have $1,000 set aside to cover the use of that asset. In a perfect world, after 5 years in service there will be $5,000 in the reserve account, or 100% of the ideal value. If after the 5 years in service there was only $4,000 in the reserves, this would represent 80% funded ($4k/$5k = .8).

As you can see from this example above, "fully funded" does not mean that you have $10,000 in reserves for the component replacement today. The reserve balance for fully funded changes every year, so the number of reserves should be considered in light of the fully funded percentage to give an accurate picture of the health of the reserves. When a building has just undergone several major improvements, they will likely not need as much spending in the immediate future, so the percent funded will often be much lower than the overall recommended target. The reserve plan will gradually raise the fund over time to a more acceptable level while ensuring that there are funds available for the smaller projects that come

up within that "recovery" period.

A reserve study offers factual data that the HOA can use to make informed decisions about the community's future. It enables the association to prepare a reserve budget to plan for the replacement and repair of important infrastructure and building components. This helps to ensure that the HOA has enough stored in its coffers to cover large, or unexpected expenses.

A detailed list of reserve components improves the board's ability to protect property values, save on expenses and make informed decisions.

All told, reserve study plays an important role in ensuring the long-term maintenance of the property. But this is possible only when the reserve fund is adequately funded.

Findings for your community

Number of Components Identified:	28
Fully Funded Balance Begin Fiscal Year:	$628,677.90
Reserve Fund Balance Begin Fiscal Year:	$102,738.00
Percent Funded:	16%

Your community has recently completed several major projects including roof replacement and concrete upgrades. We have also anticipated that significant roof and asphalt parking upgrades will be completed in the near future. We would expect to see a weak percent funded position after the completion of these projects, and conclude that the Board has done an **excellent job** managing reserves and projects.

Your current contribution is nearly adequate, however, an adjustment is needed to meet the future financial needs of the community. We have provided alternative plans to increase the fund health over time. **Alternative #1** is our recommended plan to ensure strong future financial health.

Current Monthly Contribution:	$5,232.00
Current Average Contribution Per Unit:	$109.00

Alternative #1 Funding (100% Funding) Monthly Contribution

Recommended Contribution #1:	$5,716.67
Average Contribution Per Unit #1:	$119.10

Alternative #2 Funding (70% Funding) Monthly Contribution

Recommended Contribution #2:	$5,508.33
Average Contribution Per Unit #2:	$114.76

Special Assessments (Annual)

Levied Year #1:	None
Levied Year #2:	None
Levied Year #3:	None
Levied Year #4:	None

Levied Year #5:	None

Projected Expenditures, Year #1:	$45,483
Projected Expenditures, Year #2:	$75,332
Projected Expenditures, Year #3:	$65,879
Projected Expenditures, Year #4:	$134,093
Projected Expenditures, Year #5:	$36,745

Grand View Villas HOA
Member's Inventory Summary

Description	Next Service Dt.	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Asphalt - Crack Fill	2023	1,500	2	0	0	1,500	1 @	1,500.00
Concrete - Replace (partial)	2023	14,000	10	0	0	14,000	1 @	14,000.00
Fire Room Equipment Guards - Inst..	2023	1,900	1	0	0	1,900	1 @	1,900.00
Wood Surfaces - Repaint/Stain	2023	28,083	2	0	0	28,083	46000 @	1.85
Asphalt Roof - Replace Bldg 207	2024	58,760	20	0	1	60,787	41600 @	5.65
Gutters - Replace Bldg 207	2024	5,700	20	0	1	5,897	1900 @	12.00
Wood Fence - Replace	2024	8,360	20	0	1	8,648	220 @	38.00
Asphalt - Seal Coat	2025	16,500	5	0	2	17,658	33000 @	0.50
Heat Tape - Repair	2025	5,000	5	0	2	5,351	1 @	5,000.00
Lighting - Replace	2025	7,975	15	0	2	8,535	145 @	110.00
Rock Veneer - repair	2025	2,500	5	0	2	2,675	1 @	2,500.00
Asphalt Roof - Replace Bldg 203	2026	88,140	20	0	3	97,581	41600 @	5.65
Fire Control Panels - Replace	2026	18,000	22	0	3	19,928	3 @	6,000.00
Gutters - Replace Bldg 203	2026	8,550	20	0	3	9,466	1900 @	12.00
Trees/Vegetation - Replace (partial)	2026	5,000	5	0	3	5,536	1 @	5,000.00
Wood Fence - Stain/Seal	2026	1,430	5	0	3	1,583	220 @	6.50
Monument Signs - Refurbish	2027	2,500	15	0	4	2,863	1 @	2,500.00
Wood Siding - Replace	2028	55,200	12	0	5	65,402	46000 @	12.00
Rail Fence - Replace	2029	10,800	25	0	6	13,238	450 @	24.00
Retaning/Planter Walls - Refurbish	2029	2,500	10	0	6	3,064	1 @	5,000.00
Asphalt - Replace	2030	181,500	25	2	7	230,139	33000 @	5.50
Garage Doors - Replace	2033	40,800	30	0	10	57,275	48 @	850.00
Deck/Stainway - Rebuild	2034	120,000	30	0	11	174,268	12 @	10,000.00
Interior Decks - Rebuild	2034	72,000	30	0	11	104,561	16 @	4,500.00
Stainway Treads - Replace	2034	96,000	30	0	11	139,414	12 @	8,000.00
Asphalt Roof - Replace Bldg 205	2042	88,140	20	0	19	167,901	41600 @	5.65
Gutters - Replace Bldg 205	2042	8,550	20	0	19	16,287	1900 @	12.00
Shed - Replace	2047	7,000	25	0	24	15,799	1 @	7,000.00