SUMMERFIELD VILLAGE HOA

Association #: 01.01.2561

Level 1 -- Full Reserve Study with Site Visit

Prepared By: Byron Goetting **NV Permit #0235**

Date of Site Inspection:	**12/15/2022**
Initial Funding Plan Period:	**01/01/2023 - 12/31/2023**
Date of First Draft:	**12/16/2022**
Date of Final Draft:	
Version #:	**1**

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Executive Summary

This is the reserve study prepared by GeoReserves, to summarize the current financial condition of SUMMERFIELD VILLAGE HOA's reserve account and make recommendations on improving the reserve fund in order to perform all necessary projects.

This report begins with a Physical Analysis that outlines each component the association is responsible to maintain, along with a 30-year projected cost schedule. The report then analyzes the current reserve account data. This includes a projection of the starting reserve account balance on January, 1, 2023, which is the start date of this report, and the estimated percent funded. Finally, this report offers two recommended plans of how much money should be contributed to reserves each year for the next 30 years to maintain a fully-funded reserve account.

Currently, this community is projected to have $648,000.00 on January, 1, 2023. It should have $1,295,794.17 in reserves to be at the fully-funded level. This puts the community at 50.0% funded, which is generally considered to be a fair reserve fund position.

This reserve study has determined the following two recommendations:

1. Fully-funded plan of $13,400 per month ($93.71 per unit per month) and a special assessment of $286,000 ($2,000.00 per unit per month).

2. Baseline funded plan of $10,000 month ($69.93 per unit per month) and a special assessment of $286,000 ($2,000.00 per unit per month).

It has been a pleasure working with your association and I look forward to continuing to update this report in the future. Please feel free to contact me with any questions or concerns.

Thank you,

Byron Goetting
Owner, GeoReserves

Physical Analysis Summary

Association Map:

Association Details:

Association Name:	SUMMERFIELD VILLAGE HOA
Association ID:	01.01.2561
Association Type:	PC - TWNHSE
# of Units:	143
Construction Year:	1988

Expenditures Projected to Occur in Initial Funding Plan Year:

This is a list of projects that are scheduled to occur during the initial year of this report.

Comp #	Component Name	Cost
207	Concrete - Repair	$50,000
1104	Misc. Building Surfaces - Repaint/Repair	$42,900
616	Shade/Mailbox Structures - Repaint/Repair	$9,000

Top 5 expenditures ranked by significance:

These are the most significant components in this reserve study. These components have the biggest impact on the funding plan recommendations.

Comp #	Component Name	UL	Cost	Significance	Sig. %
1102	Stucco Siding - Repaint/Repair	10	$286,000	$28,600	23.72%
1601	Water & Sewer Lines - Repair	30	$572,000	$19,067	15.81%
1004	Asphalt Shingle Roof - Replace	30	$500,000	$16,667	13.82%
401	Landscaping - Renovate	8	$90,000	$11,250	9.33%
201	Asphalt - Major Rehab	40	$350,000	$8,750	7.26%

Financial Analysis Summary

Report Details:

Report Type:	Level 1 -- Full Reserve Study with Site Visit
Report Period:	January, 1, 2023 - December, 31, 2023
Funding Plan Start Date:	January, 1, 2023
Funding Goal:	Fully Funded
Analysis Method:	Cash Flow Method

Report Starting Date	January, 1, 2023
Projected Starting Balance	$648,000.00
Projected Starting Fully-Funded (100%) Balance	$1,295,794.17
Projected Starting Percent Funded	50.0%
Projected First Year Reserve Expenditures	$101,900.00
#1 - Fully Funded Plan	
Monthly Reserve Contribution	$13,400.00
Per Unit Reserve Contribution	$93.71
Increase/(Decrease) Compared to Current ($)	$5,900.00
Percent Increase/(Decrease) (%)	79%
Recommended Immediate Special Assessment	$286,000.00
#2 - Baseline Funding Plan	
Monthly Reserve Contribution	$10,000.00
Per Unit Reserve Contribution	$69.93
Increase/(Decrease) Compared to Current ($)	$2,500.00
Percent Increase/(Decrease) (%)	33%
Recommended Immediate Special Assessment	$286,000.00

Introduction

The following report is a reserve study prepared for SUMMERFIELD VILLAGE HOA by GeoReserves. GeoReserves will be working with the Association's manager, board of directors, and/or any other representative agents (the Client) to finalize and adopt this report. This report begins with an executive summary and introduction. It is then divided into three main sections, followed by appendices to help the Client understand this report and reserve studies in general.

The first section is the **Physical Analysis**. The Physical Analysis includes the component inventory. The component inventory is a list of the components the Association maintains.

The second section is the **Financial Analysis**. The Financial Analysis evaluates the Association's reserve income and expenditures over the course of the next 30 years. This section discusses the recommended funding goals and reserve contributions, as well as the methods used for determining these recommendations.

The third section is the **Component Detail** section, which includes the component assessment and valuation. The component assessment and valuation provides additional information related to the life expectancy, condition, and cost estimates associated for each component. This section also includes areas for Client feedback for specific components, such as installation dates, cost histories, and other notes.

This report concludes with three appendices. The first appendix has the preparer's qualifications and other legal disclosures. The second appendix is a general reference guide to help better understand how to read this reserve study. The third appendix is a glossary of commonly used reserve study terms. It is important to note that a reserve study is a complex budgeting tool. Please refer to all appendices and consult GeoReserves if necessary for any questions about the contents of this report.

Physical Analysis

The following table is the list of components that comprise this reserve study. For each component the Useful Life (UL), Remaining Useful Life (RUL), and Cost Estimate has been determined. Based on these estimates, the Significance Percent of each component is calculated. The higher the significance percent, the more of an impact this component has on the final recommendations of this reserve study. Please see the Appendix 2 for additional information.

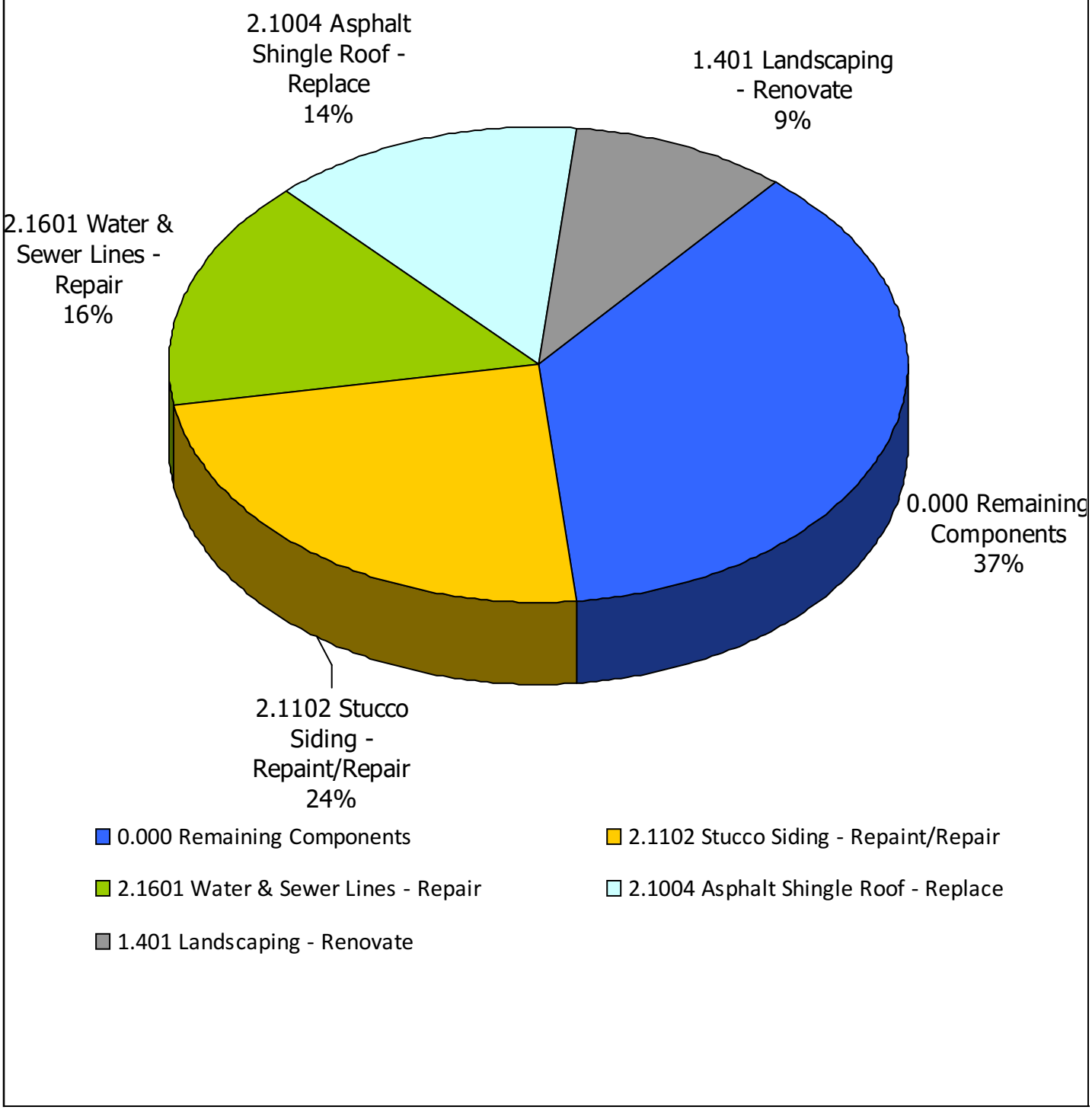
Component Inventory						
Subgroup 1: Common Area						
Comp #	**Component**	**Quantity**	**Sig. %**	**UL**	**RUL**	**Cost**
1.111	Street Light Fixtures - Replace	10 Light Fixtures	0.25%	25	13	$7,500
1.117	Mailbox Cluster Box Units (CBUs) - Replace	9 CBUs	1.21%	20	19	$29,250
1.201	Asphalt - Major Rehab	140,000 Sq.ft.	7.26%	40	7	$350,000
1.202	Asphalt - Preservation	140,000 Sq.ft.	4.88%	5	2	$29,400
1.207	Concrete - Repair	1 Allowance	4.15%	10	0	$50,000
1.216	Carports - Repair/Replace	1 Allowance	2.90%	10	6	$35,000
1.301	Block Wall - Repair/Repaint	1 Allowance	1.24%	10	6	$15,000
1.305	Wrought Iron Fencing - Replace	300 Linear ft.	0.46%	30	9	$16,500
1.306	Wrought Iron Fencing - Repair/Repaint	300 Linear ft.	0.58%	6	2	$4,200
1.401	Landscaping - Renovate	90,000 Sq.ft.	9.33%	8	1	$90,000
1.410	Irrigation System - Refurbish	1 Irrigation System	4.66%	16	9	$90,000
1.614	Shade/Mailbox Structures - Rebuild	6 Structures	1.87%	40	10	$90,000
1.616	Shade/Mailbox Structures - Repaint/Repair	6 Structures	0.75%	10	0	$9,000
					Total Cost for 1/Common Area:	**$815,850.00**

Subgroup 2: Building Exteriors						
Comp #	**Component**	**Quantity**	**Sig. %**	**UL**	**RUL**	**Cost**
2.1004	Asphalt Shingle Roof - Replace	100,000 Sq.ft.	13.82%	30	24	$500,000
2.1102	Stucco Siding - Repaint/Repair	143 Units	23.72%	10	5	$286,000
2.1104	Misc. Building Surfaces - Repaint/Repair	143 Units	7.12%	5	0	$42,900
2.1601	Water & Sewer Lines - Repair	143 Units	15.81%	30	8	$572,000
					Total Cost for 2/Building Exteriors:	**$1,400,900.00**

Total Cost of Component Inventory:	**$2,216,750.00**

These are the components with the highest signficance in this report. These components have the biggest impact on the final reserve contribution recommendations.

Component Inventory Ranked By Significance



Financial Analysis

The financial analysis begins with an estimate of the projected reserve balance. This amount represents how much money will be in the reserve account at the beginning of the report period.

In order for the association to use the reserve study as a budgeting tool, reserve studies are typically prepared prior to when the budget for the initial funding plan year is made. Therefore, the projected starting reserve balance is only an approximation of what the actual reserve balance will be.

Evaluation of Current Reserve Fund	
Association Details	
Name of Association	SUMMERFIELD VILLAGE HOA
# of Units	143
Construction Year	1988
Fiscal Year End	12/31
Economic Assumptions	
Projected Inflation Rate	3.50%
Projected After-Tax Interest Rate	1.00%
Current Financial Data	
Most Recent Reported Reserve Balance	$625,440.51
Reported As Of:	9/30/2022
Monthly Reserve Contribution	$7,500.00
Budgeted Remaining Reserve Contribution	$22,500.00
Projected Investment Income (i.e. After-Tax Interest)	$59.49
Budgeted Special Assessment (if any)	$286,000.00
Total Projected Reserve Account Balance	$934,000.00
Estimated Remaining Reserve Expenses	$0.00
Projected Funding Plan Starting Reserve Balance	**$934,000.00**
Starting Reserve Fund Assessment	
Projected Funding Plan Starting Reserve Balance	$934,000.00
Projected Funding Plan Starting Fully-Funded Balance	$1,295,794.17
Projected Starting Percent Funded	72.1%
Funding Plan First Year Reserve Expenditures	$101,900.00

Fully-Funded Funding Plan (Recommended): First Six Years Summary

Although this reserve study has a funding plan projected 30 years into the future, the association should focus on the first three years of this report. As a budgeting tool, a reserve study is most useful during these initial years. After that, there is a high degree of uncertainty to the future cost and future condition of these components. It is therefore recommended that a reserve study is updated every three years.

For any projected expenses that are programmed to occur within these years, the association should begin to work with appropriate vendors and contractors to determine a specific scope of work and actual cost. Should these costs deviate substantially from this study's estimates, an update may be necessary to determine if any changes to the recommended funding plan are necessary.

After that, if any major projects are scheduled within the following three years, the association should make sure that their funding plan has them on a path to pay for these expenses. Major projects are defined as any projects with a high significance percentage as shown in the pie chart in the Physical Analysis of this report.

The association should also be mindful of major projects that are not scheduled until later in the future. Although these projects may have many years before they are scheduled to occur, the association has a fiduciary responsibility to plan ahead for these expenses. It is recommended that the association adopts a funding plan that enables them to be adequately funded in the future.

	2023	2024	2025	2026	2027	2028
Projected Starting Reserve Balance	$648,000	$1,002,829	$1,086,868	$1,235,359	$1,427,777	$1,628,422
Recommended Annual Reserve Contribution	$160,800	$166,428	$172,253	$178,282	$184,522	$190,980
Recommended Monthly Reserve Contribution	$13,400	$13,869	$14,354	$14,857	$15,377	$15,915
Recommended Monthly Per Unit Reserve Contribution	$94	$97	$100	$104	$108	$111
Recommended Special Reserve Assessment	$286,000	$0	$0	$0	$0	$0
Recommended Special Per Unit Reserve Assessment	$2,000	$0	$0	$0	$0	$0
Projected Investment Income (i.e. After-Tax Interest)	$9,929	$10,761	$12,231	$14,136	$16,123	$14,288
Projected Reserve Expenses (Inflation-Adjusted)	($101,900)	($93,150)	($35,993)	$0	$0	($390,630)
Projected Ending Reserve Balance	**$1,002,829**	**$1,086,868**	**$1,235,359**	**$1,427,777**	**$1,628,422**	**$1,443,059**
Projected Fully-Funded (100%) Balance	$1,360,482	$1,440,857	$1,587,725	$1,781,664	$1,987,235	$1,800,711
Year-End Percent Funded	74%	75%	78%	80%	82%	80%

Baseline Funded Plan (Minimum): First Six Years Summary

In addition to the recommended funding plan, this reserve study also has an alternative funding plan. This plan is typically a minimum recommendation, which the association should not fall below or it will not be adequately funded for future projects. The first six years of this alternative funding plan are shown here.

	2023	2024	2025	2026	2027	2028
Projected Starting Reserve Balance	$648,000	$961,621	$1,002,598	$1,106,104	$1,251,542	$1,403,137
Recommended Annual Reserve Contribution	$120,000	$124,200	$128,547	$133,046	$137,703	$142,522
Recommended Monthly Reserve Contribution	$10,000	$10,350	$10,712	$11,087	$11,475	$11,877
Recommended Monthly Per Unit Reserve Contribution	$70	$72	$75	$78	$80	$83
Recommended Special Reserve Assessment	$286,000	$0	$0	$0	$0	$0
Recommended Special Per Unit Reserve Assessment	$2,000	$0	$0	$0	$0	$0
Projected Investment Income (i.e. After-Tax Interest)	$9,521	$9,927	$10,952	$12,392	$13,892	$11,550
Projected Reserve Expenses (Inflation-Adjusted)	($101,900)	($93,150)	($35,993)	$0	$0	($390,630)
Projected Ending Reserve Balance	**$961,621**	**$1,002,598**	**$1,106,104**	**$1,251,542**	**$1,403,137**	**$1,166,579**
Projected Fully-Funded (100%) Balance	$1,360,482	$1,440,857	$1,587,725	$1,781,664	$1,987,235	$1,800,711
Year-End Percent Funded	71%	70%	70%	70%	71%	65%

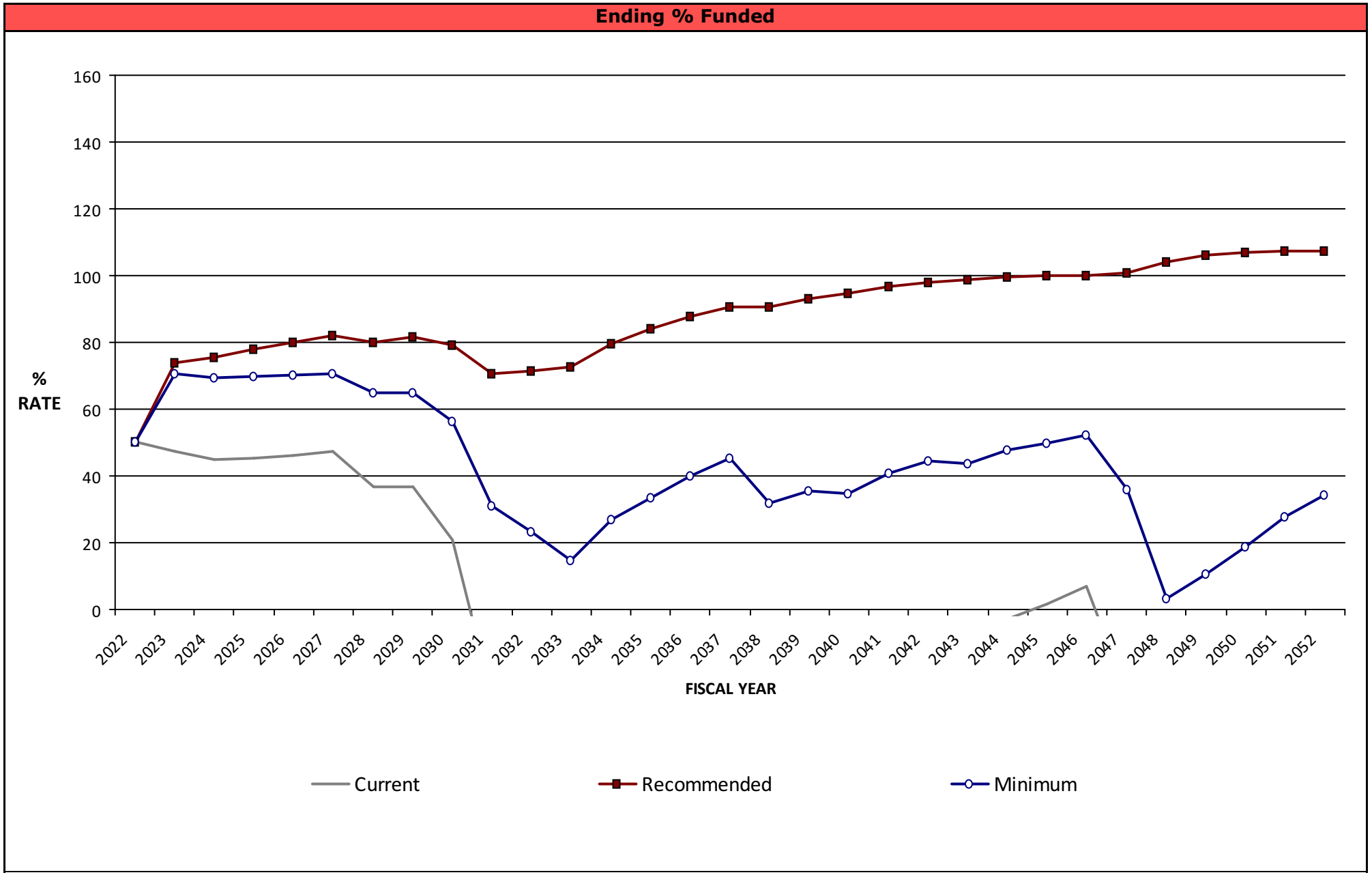
This page shows the annual cash flow projections for the next 30 years when following the recommended funding plan. It includes the budgeted reserve contribution, special assessments, interest earned in savings accounts, and the projected reserve expenses. (split to new paragraph)This page also shows the future % increases to the budgeted reserve contribution. If following this plan, the association will get to a recommended 100% funded level.

Fully-Funded Funding Plan (Recommended): Annual Cash Flow Projections							
Year	Starting Balance	Reserve Contribution	% Increase	Special Assessment	After-Tax Interest	Reserve Expenditures	Ending Balance
2023	$648,000	$160,800	78.67%	$286,000	$9,929	($101,900)	$1,002,829
2024	$1,002,829	$166,428	3.50%	$0	$10,761	($93,150)	$1,086,868
2025	$1,086,868	$172,253	3.50%	$0	$12,231	($35,993)	$1,235,359
2026	$1,235,359	$178,282	3.50%	$0	$14,136	$0	$1,427,777
2027	$1,427,777	$184,522	3.50%	$0	$16,123	$0	$1,628,422
2028	$1,628,422	$190,980	3.50%	$0	$14,288	($390,630)	$1,443,059
2029	$1,443,059	$197,664	3.50%	$0	$15,793	($61,463)	$1,595,054
2030	$1,595,054	$204,583	3.50%	$0	$13,169	($482,703)	$1,330,102
2031	$1,330,102	$211,743	3.50%	$0	$7,831	($758,746)	$790,930
2032	$790,930	$219,154	3.50%	$0	$7,423	($267,810)	$749,697
2033	$749,697	$226,824	3.50%	$0	$7,058	($270,694)	$712,885
2034	$712,885	$234,763	3.50%	$0	$9,476	$0	$957,124
2035	$957,124	$242,980	3.50%	$0	$11,557	($44,425)	$1,167,236
2036	$1,167,236	$251,484	3.50%	$0	$14,070	($11,730)	$1,421,060
2037	$1,421,060	$260,286	3.50%	$0	$16,745	($6,799)	$1,691,292
2038	$1,691,292	$269,396	3.50%	$0	$14,097	($551,022)	$1,423,764
2039	$1,423,764	$278,825	3.50%	$0	$16,159	($86,700)	$1,632,048
2040	$1,632,048	$288,584	3.50%	$0	$17,063	($214,284)	$1,723,410
2041	$1,723,410	$298,684	3.50%	$0	$20,221	$0	$2,042,316
2042	$2,042,316	$309,138	3.50%	$0	$22,952	($56,233)	$2,318,173
2043	$2,318,173	$319,958	3.50%	$0	$24,270	($211,116)	$2,451,285
2044	$2,451,285	$331,157	3.50%	$0	$27,824	$0	$2,810,265
2045	$2,810,265	$342,747	3.50%	$0	$30,903	($62,666)	$3,121,250
2046	$3,121,250	$354,743	3.50%	$0	$34,760	$0	$3,510,753
2047	$3,510,753	$367,159	3.50%	$0	$27,362	($1,141,664)	$2,763,610
2048	$2,763,610	$380,010	3.50%	$0	$19,410	($1,202,655)	$1,960,375
2049	$1,960,375	$393,310	3.50%	$0	$22,211	($132,571)	$2,243,325
2050	$2,243,325	$407,076	3.50%	$0	$25,760	($74,428)	$2,601,733
2051	$2,601,733	$421,324	3.50%	$0	$30,231	$0	$3,053,288
2052	$3,053,288	$436,070	3.50%	$0	$34,894	$0	$3,524,252

This page shows the annual cash flow projections for the next 30 years when following the minimum funding plan. It includes the budgeted reserve contribution, special assessments, interest earned in savings accounts, and the projected reserve expenses. (split to new paragraph) This page also shows the future % increases to the budgeted reserve contribution. If following this plan, the association will not fall below $0 under normal circumstances.

Baseline Funded Plan (Minimum): Annual Cash Flow Projections							
Year	Starting Balance	Reserve Contribution	% Increase	Special Assessment	After-Tax Interest	Reserve Expenditures	Ending Balance
2023	$648,000	$120,000	33.33%	$286,000	$9,521	($101,900)	$961,621
2024	$961,621	$124,200	3.50%	$0	$9,927	($93,150)	$1,002,598
2025	$1,002,598	$128,547	3.50%	$0	$10,952	($35,993)	$1,106,104
2026	$1,106,104	$133,046	3.50%	$0	$12,392	$0	$1,251,542
2027	$1,251,542	$137,703	3.50%	$0	$13,892	$0	$1,403,137
2028	$1,403,137	$142,522	3.50%	$0	$11,550	($390,630)	$1,166,579
2029	$1,166,579	$147,511	3.50%	$0	$12,526	($61,463)	$1,265,153
2030	$1,265,153	$152,674	3.50%	$0	$9,351	($482,703)	$944,474
2031	$944,474	$158,017	3.50%	$0	$3,437	($758,746)	$347,182
2032	$347,182	$163,548	3.50%	$0	$2,429	($267,810)	$245,349
2033	$245,349	$169,272	3.50%	$0	$1,439	($270,694)	$145,366
2034	$145,366	$175,196	3.50%	$0	$3,206	$0	$323,768
2035	$323,768	$181,328	3.50%	$0	$4,607	($44,425)	$465,279
2036	$465,279	$187,675	3.50%	$0	$6,412	($11,730)	$647,635
2037	$647,635	$194,243	3.50%	$0	$8,351	($6,799)	$843,431
2038	$843,431	$201,042	3.50%	$0	$4,935	($551,022)	$498,386
2039	$498,386	$208,078	3.50%	$0	$6,198	($86,700)	$625,962
2040	$625,962	$215,361	3.50%	$0	$6,270	($214,284)	$633,309
2041	$633,309	$222,899	3.50%	$0	$8,562	$0	$864,770
2042	$864,770	$230,700	3.50%	$0	$10,392	($56,233)	$1,049,629
2043	$1,049,629	$238,775	3.50%	$0	$10,773	($211,116)	$1,088,060
2044	$1,088,060	$247,132	3.50%	$0	$13,352	$0	$1,348,544
2045	$1,348,544	$255,781	3.50%	$0	$15,417	($62,666)	$1,557,077
2046	$1,557,077	$264,734	3.50%	$0	$18,218	$0	$1,840,028
2047	$1,840,028	$273,999	3.50%	$0	$9,724	($1,141,664)	$982,088
2048	$982,088	$283,589	3.50%	$0	$630	($1,202,655)	$63,652
2049	$63,652	$293,515	3.50%	$0	$2,246	($132,571)	$226,842
2050	$226,842	$303,788	3.50%	$0	$4,562	($74,428)	$460,764
2051	$460,764	$314,421	3.50%	$0	$7,752	$0	$782,937
2052	$782,937	$325,425	3.50%	$0	$11,084	$0	$1,119,446

This chart shows the projected percent-funded each year for the association's current funding plan and this reserve study's recommendations.



The Ending % Funded is calculated by dividing the Projected Ending Balance by the Ending Fully-Funded 100% Balance.

Funding Plans Fiscal Year End							
		Current Funding Plan		Fully-Funded Plan (Recommended)		Baseline Funded Plan (Minimum)	
Year	Ending Fully-Funded 100% Balance	Projected Ending Balance	Ending % Funded	Projected Ending Balance	Ending % Funded	Projected Ending Balance	Ending % Funded
2022	$1,295,794	$648,000	50%	$648,000	50%	$648,000	50%
2023	$1,360,482	$642,461	47%	$1,002,829	74%	$961,621	71%
2024	$1,440,857	$648,886	45%	$1,086,868	75%	$1,002,598	70%
2025	$1,587,725	$716,396	45%	$1,235,359	78%	$1,106,104	70%
2026	$1,781,664	$824,343	46%	$1,427,777	80%	$1,251,542	70%
2027	$1,987,235	$936,896	47%	$1,628,422	82%	$1,403,137	71%
2028	$1,800,711	$659,690	37%	$1,443,059	80%	$1,166,579	65%
2029	$1,953,535	$715,949	37%	$1,595,054	82%	$1,265,153	65%
2030	$1,681,092	$351,229	21%	$1,330,102	79%	$944,474	56%
2031	$1,118,969	($291,894)	0%	$790,930	71%	$347,182	31%
2032	$1,051,040	($441,414)	0%	$749,697	71%	$245,349	23%
2033	$983,703	($591,006)	0%	$712,885	72%	$145,366	15%
2034	$1,200,338	($464,204)	0%	$957,124	80%	$323,768	27%
2035	$1,384,954	($376,359)	0%	$1,167,236	84%	$465,279	34%
2036	$1,616,471	($249,806)	0%	$1,421,060	88%	$647,635	40%
2037	$1,868,023	($112,032)	0%	$1,691,292	91%	$843,431	45%
2038	$1,572,184	($517,395)	0%	$1,423,764	91%	$498,386	32%
2039	$1,753,880	($452,517)	0%	$1,632,048	93%	$625,962	36%
2040	$1,817,458	($510,333)	0%	$1,723,410	95%	$633,309	35%
2041	$2,112,887	($346,591)	0%	$2,042,316	97%	$864,770	41%
2042	$2,368,566	($232,097)	0%	$2,318,173	98%	$1,049,629	44%
2043	$2,481,289	($266,773)	0%	$2,451,285	99%	$1,088,060	44%
2044	$2,825,153	($82,238)	0%	$2,810,265	99%	$1,348,544	48%
2045	$3,125,189	$47,401	2%	$3,121,250	100%	$1,557,077	50%
2046	$3,509,897	$248,412	7%	$3,510,753	100%	$1,840,028	52%
2047	$2,736,083	($694,631)	0%	$2,763,610	101%	$982,088	36%
2048	$1,882,032	($1,701,440)	0%	$1,960,375	104%	$63,652	3%
2049	$2,115,951	($1,630,014)	0%	$2,243,325	106%	$226,842	11%
2050	$2,428,919	($1,491,367)	0%	$2,601,733	107%	$460,764	19%
2051	$2,840,932	($1,268,107)	0%	$3,053,288	107%	$782,937	28%
2052	$3,278,810	($1,034,278)	0%	$3,524,252	107%	$1,119,446	34%

The Projected Annual Expenditures shows which projects will be performed each fiscal year. If the fiscal year is missing on this list, then there are no projects scheduled for that particular year.

The Current Cost represents the estimated cost of the project for the initial year of this report. The Future Cost represents the inflation-adjusted cost of the project.

Any components highlighted in red have a $0 cost associated with the project and are funded outside of this reserve study.

Projected Annual Expenditures

Fiscal Year 2023

Comp #	Component Name	Current Cost	Future Cost
1. 207	Concrete - Repair	$50,000	$50,000
1. 616	Shade/Mailbox Structures - Repaint/Repair	$9,000	$9,000
2. 1104	Misc. Building Surfaces - Repaint/Repair	$42,900	$42,900
Fiscal Year 2023 Total:		**$101,900**	**$101,900**

Fiscal Year 2024

Comp #	Component Name	Current Cost	Future Cost
1. 401	Landscaping - Renovate	$90,000	$93,150
Fiscal Year 2024 Total:		**$90,000**	**$93,150**

Fiscal Year 2025

Comp #	Component Name	Current Cost	Future Cost
1. 202	Asphalt - Preservation	$29,400	$31,494
1. 306	Wrought Iron Fencing - Repair/Repaint	$4,200	$4,499
Fiscal Year 2025 Total:		**$33,600**	**$35,993**

Fiscal Year 2028

Comp #	Component Name	Current Cost	Future Cost
2. 1102	Stucco Siding - Repaint/Repair	$286,000	$339,678
2. 1104	Misc. Building Surfaces - Repaint/Repair	$42,900	$50,952
Fiscal Year 2028 Total:		**$328,900**	**$390,630**

Fiscal Year 2029

Comp #	Component Name	Current Cost	Future Cost
1. 216	Carports - Repair/Replace	$35,000	$43,024
1. 301	Block Wall - Repair/Repaint	$15,000	$18,439
Fiscal Year 2029 Total:		**$50,000**	**$61,463**

Fiscal Year 2030			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 201	Asphalt - Major Rehab	$350,000	$445,298
1. 202	Asphalt - Preservation	$29,400	$37,405
Fiscal Year 2030 Total:		**$379,400**	**$482,703**

Fiscal Year 2031			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 306	Wrought Iron Fencing - Repair/Repaint	$4,200	$5,531
2. 1601	Water & Sewer Lines - Repair	$572,000	$753,215
Fiscal Year 2031 Total:		**$576,200**	**$758,746**

Fiscal Year 2032			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 305	Wrought Iron Fencing - Replace	$16,500	$22,488
1. 401	Landscaping - Renovate	$90,000	$122,661
1. 410	Irrigation System - Refurbish	$90,000	$122,661
Fiscal Year 2032 Total:		**$196,500**	**$267,810**

Fiscal Year 2033			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 207	Concrete - Repair	$50,000	$70,530
1. 614	Shade/Mailbox Structures - Rebuild	$90,000	$126,954
1. 616	Shade/Mailbox Structures - Repaint/Repair	$9,000	$12,695
2. 1104	Misc. Building Surfaces - Repaint/Repair	$42,900	$60,515
Fiscal Year 2033 Total:		**$191,900**	**$270,694**

Fiscal Year 2035			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 202	Asphalt - Preservation	$29,400	$44,425
Fiscal Year 2035 Total:		**$29,400**	**$44,425**

Fiscal Year 2036			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 111	Street Light Fixtures - Replace	$7,500	$11,730
Fiscal Year 2036 Total:		**$7,500**	**$11,730**

Fiscal Year 2037			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 306	Wrought Iron Fencing - Repair/Repaint	$4,200	$6,799
Fiscal Year 2037 Total:		**$4,200**	**$6,799**

Fiscal Year 2038			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
2. 1102	Stucco Siding - Repaint/Repair	$286,000	$479,150
2. 1104	Misc. Building Surfaces - Repaint/Repair	$42,900	$71,872
Fiscal Year 2038 Total:		**$328,900**	**$551,022**

Fiscal Year 2039			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 216	Carports - Repair/Replace	$35,000	$60,690
1. 301	Block Wall - Repair/Repaint	$15,000	$26,010
Fiscal Year 2039 Total:		**$50,000**	**$86,700**

Fiscal Year 2040			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 202	Asphalt - Preservation	$29,400	$52,763
1. 401	Landscaping - Renovate	$90,000	$161,521
Fiscal Year 2040 Total:		**$119,400**	**$214,284**

Fiscal Year 2042			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 117	Mailbox Cluster Box Units (CBUs) - Replace	$29,250	$56,233
Fiscal Year 2042 Total:		**$29,250**	**$56,233**

Fiscal Year 2043			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 207	Concrete - Repair	$50,000	$99,489
1. 306	Wrought Iron Fencing - Repair/Repaint	$4,200	$8,357
1. 616	Shade/Mailbox Structures - Repaint/Repair	$9,000	$17,908
2. 1104	Misc. Building Surfaces - Repaint/Repair	$42,900	$85,362
Fiscal Year 2043 Total:		**$106,100**	**$211,116**

Fiscal Year 2045			
Comp #	**Component Name**	**Current Cost**	**Future Cost**

1. 202	Asphalt - Preservation	$29,400	$62,666
Fiscal Year 2045 Total:		**$29,400**	**$62,666**

Fiscal Year 2047			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
2. 1004	Asphalt Shingle Roof - Replace	$500,000	$1,141,664
Fiscal Year 2047 Total:		**$500,000**	**$1,141,664**

Fiscal Year 2048			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 401	Landscaping - Renovate	$90,000	$212,692
1. 410	Irrigation System - Refurbish	$90,000	$212,692
2. 1102	Stucco Siding - Repaint/Repair	$286,000	$675,888
2. 1104	Misc. Building Surfaces - Repaint/Repair	$42,900	$101,383
Fiscal Year 2048 Total:		**$508,900**	**$1,202,655**

Fiscal Year 2049			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 216	Carports - Repair/Replace	$35,000	$85,609
1. 301	Block Wall - Repair/Repaint	$15,000	$36,689
1. 306	Wrought Iron Fencing - Repair/Repaint	$4,200	$10,273
Fiscal Year 2049 Total:		**$54,200**	**$132,571**

Fiscal Year 2050			
Comp #	**Component Name**	**Current Cost**	**Future Cost**
1. 202	Asphalt - Preservation	$29,400	$74,428
Fiscal Year 2050 Total:		**$29,400**	**$74,428**

Component Detail

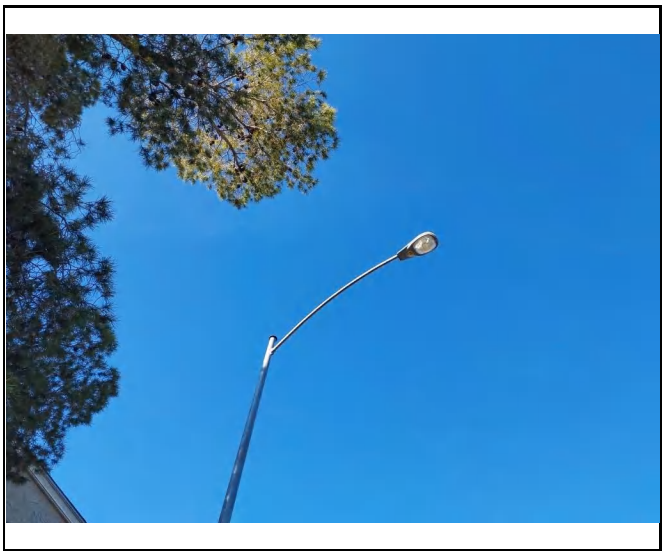
DRAFT

Subgroup 1: Common Area

Component List

111	Street Light Fixtures - Replace
117	Mailbox Cluster Box Units (CBUs) - Replace
201	Asphalt - Major Rehab
202	Asphalt - Preservation
207	Concrete - Repair
216	Carports - Repair/Replace
301	Block Wall - Repair/Repaint
305	Wrought Iron Fencing - Replace
306	Wrought Iron Fencing - Repair/Repaint
401	Landscaping - Renovate
410	Irrigation System - Refurbish
614	Shade/Mailbox Structures - Rebuild
616	Shade/Mailbox Structures - Repaint/Repair

Comp #: 1.111 Street Light Fixtures - Replace



Quantity:	10 Light Fixtures	**Original Service Date:**	2011
Unit Cost:	$750.00	**Useful Life:**	25
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$7,500.00	**Remaining Useful Life:**	13
Cost Source:	GeoReserves Database		
Description:	This component includes replacing the light fixture as well as any associated costs to upgrade the electrical work. The poles are designed to last the life of the community with no expectation for replacement under normal circumstances. The current trend for communities is to use LED light fixtures. These types of light fixtures are expected to last approximately 100,000 hours or about 25 years and offer lower energy and maintenance costs compared to standard, high-pressure sodium light fixtures. Additional information can be found at www.publicpower.org, www.darksky.org, www.lightingfacts.com.		
Evaluation:	No problems with these street light fixtures noted at time of site visit. However, this community should regularly inspect these lights during nighttime hours to check for any issues.		
Quantity Notes:			

Comp #: 1.117 Mailbox Cluster Box Units (CBUs) - Replace

Quantity:	9 CBUs	**Original Service Date:**	2022
Unit Cost:	$3,250.00	**Useful Life:**	20
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$29,250.00	**Remaining Useful Life:**	19
Cost Source:	GeoReserves Database		
Description:	Current standard Cluster Box Units (CBU's) are usually made of a heavy duty aluminum and stainless steel hardware. In certain associations, the local post office may be responsible for these CBUs. Should the association be responsible, we recommend funding to replace these units every 20 years. Some of the paint may fade or peel, and other minor issues may arise which can be addressed as an operating expense. For additional informaton visit about.usps.com/publications/pub265a/welcome.htm or contact a local post office branch.		
Evaluation:	Usually these CBUs will show some minor cosmetic issues such as faded or peeling paint. However, no major functionality problems were noted at time of site visit.		
Quantity Notes:			

Comp #: 1.201 Asphalt - Major Rehab

Quantity:	140,000 Sq.ft.	**Original Service Date:**	1988
Unit Cost:	$2.50	**Useful Life:**	40
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	2
Total Cost:	$350,000.00	**Remaining Useful Life:**	7
Cost Source:	GeoReserves Database		

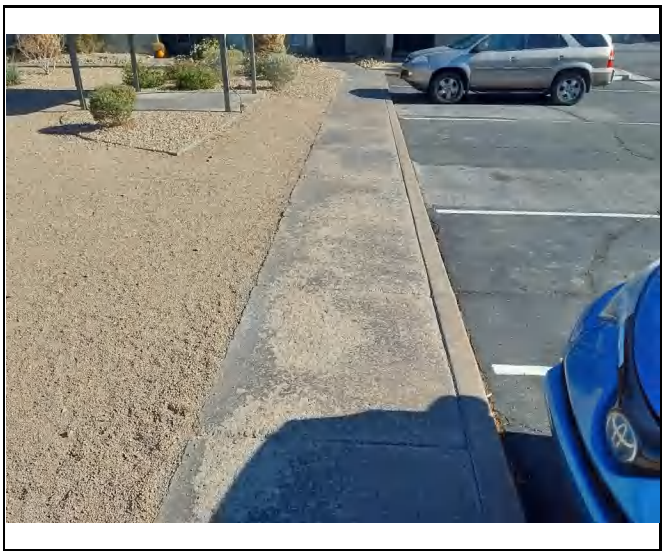
Description:	As the asphalt ages certain signs of damage may appear. These signs can include alligator cracking, block cracking, thermal cracking, potholes, raveling, and other issues. It is imperative that proper asphalt preservation and maintenance is performed to prevent these problems from developing prematurely. However, over time, the asphalt will begin to fail and more significant work will be needed. Major asphalt repair work can include a thin overlay, mill and overlay, or more significant reconstruction. It can be difficult to predict when this major repair work will occur, or the appropriate scope of work. It is therefore necessary for the community to continually consult the advice of an expert and develop a suitable maintenance plan. This component budgets for a major repair project to occur every 30 to 40 years.
Evaluation:	This asphalt is aging normally and showing signs of distress. This community should begin to make plans for a major asphalt project.
Quantity Notes:	

Comp #: 1.202 Asphalt - Preservation

Quantity:	140,000 Sq.ft.	**Original Service Date:**	2020
Unit Cost:	$0.21	**Useful Life:**	5
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$29,400.00	**Remaining Useful Life:**	2
Cost Source:	GeoReserves Database		

Description:	The purpose of the asphalt streets is to provide a smooth driving experience, with adequate surface friction as well as to distribute the wheel load evenly to support weight and protect the natural soil. Different treatments may be applied to maintain and preserve the asphalt and underlying base. These include: crack sealing, fog seal, slurry seal, chip seal, microsurfacing, patching, and other types of repairs. Factors to be considered to determine the appropriate treatment include age, condition, homeowner preferences, and budget. This community should consult with an expert to determine the appropriate treatment and scope of work. Additional information can be found at www.asphaltpavement.org, www.rtcsnv.com, and www.appliedpavement.com.
Evaluation:	As the asphalt begins to age, this community should work with an asphalt professional to determine an appropriate plan.
Quantity Notes:	

Comp #: 1.207 Concrete - Repair

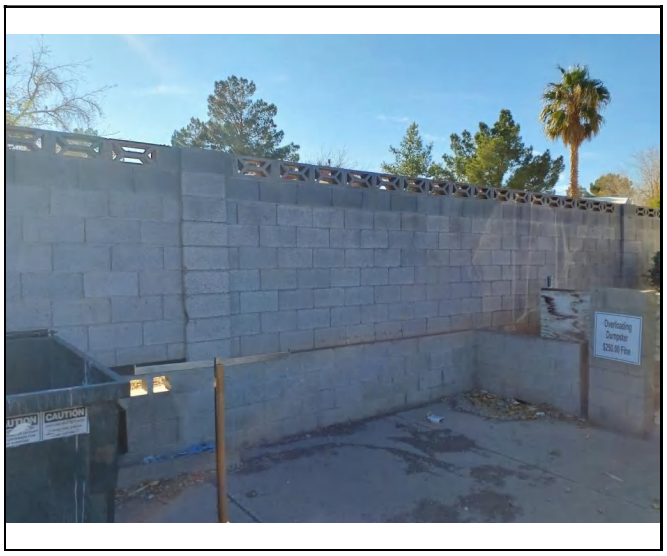


Quantity:	1 Allowance	**Original Service Date:**	2013
Unit Cost:	$50,000.00	**Useful Life:**	10
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$50,000.00	**Remaining Useful Life:**	0
Cost Source:	GeoReserves Database		
Description:	This component funds for repairs to the association maintained sidewalks, walkways, curbs, and other concrete areas. These repairs should be made every five to ten years depending on the quantity and age of community. Any tripping hazards should be addressed when they arise. This cost schedule can be adjusted as necessary.		
Evaluation:	This concrete is at an age where there are significant appearance concerns noted. This community should consult a professional to determine how many repairs are necessary in the near future.		
Quantity Notes:			

Comp #: 1.216 Carports - Repair/Replace

Quantity:	1 Allowance	**Original Service Date:**	2019
Unit Cost:	$35,000.00	**Useful Life:**	10
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$35,000.00	**Remaining Useful Life:**	6
Cost Source:	GeoReserves Database		
Description:	This component funds to make any repairs, replacements, and repainting to the carports. This includes the carport light fixtures and any other related work. This work should be done every 10 years or when necessary.		
Evaluation:	No major problems noted.		
Quantity Notes:			

Comp #: 1.301 Block Wall - Repair/Repaint



Quantity:	1 Allowance	**Original Service Date:**	2019
Unit Cost:	$15,000.00	**Useful Life:**	10
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$15,000.00	**Remaining Useful Life:**	6
Cost Source:	GeoReserves Database		
Description:	This component includes the portions of the block wall that the association is obligated to maintain. These walls are designed to last a very long time and funding for a complete replacement is not necessary. However, repairs are usually necessary due to water damage, tree roots and other ground movement, and vandalism or other damages. A feasible reserve study plan is to make repairs every 10 years. However, this schedule and cost estimate may be adjusted as the community ages and a cost history is developed.		
Evaluation:	No major issues such as water damage, cracking or other issues noted.		
Quantity Notes:			

Comp #: 1.305 Wrought Iron Fencing - Replace

Quantity:	300 Linear ft.	**Original Service Date:**	1988
Unit Cost:	$55.00	**Useful Life:**	30
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	14
Total Cost:	$16,500.00	**Remaining Useful Life:**	9
Cost Source:	GeoReserves Database		
Description:	Although this fencing is referred to as wrought iron, it is typically hollow metal that has been rolled and made to give a classic wrought iron look. With regular painting and maintenance, this fencing should last approximately 30 years.		
Evaluation:	No major rusting, bent areas or other damage noted.		
Quantity Notes:			

Comp #: 1.306 Wrought Iron Fencing - Repair/Repaint

Quantity:	300 Linear ft.	**Original Service Date:**	2019
Unit Cost:	$14.00	**Useful Life:**	6
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$4,200.00	**Remaining Useful Life:**	2
Cost Source:	GeoReserves Database		
Description:	This component includes painting the metal fencing, along with making any repairs to bent or rusted areas. This project should be performed every 6 years or when necessary to maintain appearance and ensure the fence realizes a full useful life. Different paint materials and techniques will determine the actual useful life and may result in adjusting this schedule.		
Evaluation:	No signficant rusting or faded paint noted.		
Quantity Notes:			

Comp #: 1.401 Landscaping - Renovate

Quantity:	90,000 Sq.ft.	**Original Service Date:**	2016
Unit Cost:	$1.00	**Useful Life:**	8
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$90,000.00	**Remaining Useful Life:**	1
Cost Source:	GeoReserves Database		
Description:	Landscaping should be maintained on a regular basis primarily as an operating expense. As small plants, portions of rocks, or parts of the irrigation system need to be replaced it is usually included in the standard maintenance contract with the landscaper. However, over time larger portions of landscaping and irrigation should be upgraded or replaced to maintain appearance standards. These types of projects are very much subjective and up to the board and residents to determine the scope and cost. This reserve study funds for a general cost that should be looked at closely by the association to determine their specific landscaping needs. Visit local water district website for water conservation ideas and additional information.		
Evaluation:	No major appeance concerns noted. This landscaping should be maintained on a regular basis and the association should work with the landscaper to determine any specific areas of improvement that go beyond the normal maintenance contract.		
Quantity Notes:			

Comp #: 1.410 Irrigation System - Refurbish

Quantity:	1 Irrigation System	**Original Service Date:**	2016
Unit Cost:	$90,000.00	**Useful Life:**	16
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$90,000.00	**Remaining Useful Life:**	9
Cost Source:	GeoReserves Database		
Description:	This component includes replacing and updating the irrigation system. This includes any individual parts such as the irrigation lines, clocks, valves, backflow devices and any other related costs. This work should be done every 16 years or when necessary.		
Evaluation:	No problems reported.		
Quantity Notes:			

Comp #: 1.614 Shade/Mailbox Structures - Rebuild

Quantity:	6 Structures	**Original Service Date:**	1988
Unit Cost:	$15,000.00	**Useful Life:**	40
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	5
Total Cost:	$90,000.00	**Remaining Useful Life:**	10
Cost Source:	GeoReserves Database		
Description:	This component funds for a major rebuild project of the shade structures and mailbox building. This work should be done every 30 years or longer to maintain appearance and functionality standards.		
Evaluation:	No problems noted.		
Quantity Notes:			

Comp #: 1.616 Shade/Mailbox Structures - Repaint/Repair

Quantity:	6 Structures	**Original Service Date:**	2013
Unit Cost:	$1,500.00	**Useful Life:**	10
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$9,000.00	**Remaining Useful Life:**	0
Cost Source:	GeoReserves Database		
Description:	This component funds to paint and make other repairs or replacements to the shade structures and mailbox building. This includes replacing any light fixtures, repairs to the roofs, or other related work.		
Evaluation:	Remaining life based on current schedule.		
Quantity Notes:			

Subgroup 2: Building Exteriors

Component List

1004	Asphalt Shingle Roof - Replace
1102	Stucco Siding - Repaint/Repair
1104	Misc. Building Surfaces - Repaint/Repair
1601	Water & Sewer Lines - Repair

Comp #: 2.1004 Asphalt Shingle Roof - Replace

Quantity:	100,000 Sq.ft.	**Original Service Date:**	2017
Unit Cost:	$5.00	**Useful Life:**	30
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$500,000.00	**Remaining Useful Life:**	24
Cost Source:	GeoReserves Database		
Description:	This component funds to replace the asphalt shingle roof. These roofs have a uesful life of anywhere between 30 and 50 years depending on the material used. This community should have annual maintenance done and this cost schedule can be revised based on recommendations of their regular roofing contractor.		
Evaluation:	No problems reported. Remaining life based on reported age.		
Quantity Notes:			

Comp #: 2.1102 Stucco Siding - Repaint/Repair

Quantity:	143 Units	**Original Service Date:**	2018
Unit Cost:	$2,000.00	**Useful Life:**	10
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$286,000.00	**Remaining Useful Life:**	5
Cost Source:	GeoReserves Database		
Description:	This component funds to repaint the stucco surfaces and make any related repairs. There are several different scopes of work that can be performed for this project. Painting can be done with acrylic, elastomeric, or other types of paint. Also, a fog coating can be performed depending on the age and condition of stucco. This component funds to repaint the stucco every 10 to 12 years, but input should be provided by a stucco and/or paint professional at the time this project is scheduled to occur.		
Evaluation:	No major problems noted.		
Quantity Notes:			

Comp #: 2.1104 Misc. Building Surfaces - Repaint/Repair

Quantity:	143 Units	**Original Service Date:**	2018
Unit Cost:	$300.00	**Useful Life:**	5
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	0
Total Cost:	$42,900.00	**Remaining Useful Life:**	0
Cost Source:	GeoReserves Database		
Description:	This component includes making minor touch-up repair and painting to the stucco surfaces, as well as painting the building railings, wood trim, and other miscellaneous surfaces. This work should be done every 5 to 6 years.		
Evaluation:	Remaining life based on current schedule.		
Quantity Notes:			

Comp #: 2.1601 Water & Sewer Lines - Repair

Quantity:	143 Units	**Original Service Date:**	1988
Unit Cost:	$4,000.00	**Useful Life:**	30
% of Unit Cost:	100.0%	**Rem. Useful Life Adjustment:**	13
Total Cost:	$572,000.00	**Remaining Useful Life:**	8
Cost Source:	GeoReserves Database		
Description:	This component funds to make any necessary repairs and replacements to the water and sewer lines and other related costs. These lines should be inspected on a regular basis by a qualified plumbing inspector and this component can be adjusted as necessary.		
Evaluation:	No problems reported.		
Quantity Notes:			

Appendix I: Preparer's Qualifications and Disclosures

Preparer's Qualifications

Byron Goetting has been preparing reserve studies since 2008. He has also worked as a financial analyst for a major Las Vegas hotel and Casino, and as an economist for an economic consulting firm. He holds a Bachelor's degree in Finance as well as a Master's degree in Economics.

Mr. Goetting has prepared over 2,000 reserve studies for single-family, condominium, townhome, high-rise, Master-planned, commercial and other types of communities. He has worked on small communities consisting of no more than a single cul-de-sac of houses to some of the largest Master-planned HOAs and luxurious condominium high-rise towers in Las Vegas. He has prepared reserve studies for communities located in Nevada, California, Arizona, Washington, Colorado, Utah, and North Carolina.

In addition to reserve studies, Mr. Goetting has extensive experience in financial modeling and economic research. His budgeting and forecasting experience includes a report that forecasts the change in Nevada's general fund resulting from the Budget Control Act of 2011 as well as a forecast of revenues and expenses for the proposed UNLV Now on-campus football stadium, and the bond sources to be used to finance construction. He has prepared economic and fiscal impact studies for large and small-scale projects, an employment land analysis for the Southern Nevada Strong Initiative, and an economic-base analysis for the Regional Transportation Commission.

Disclosures

Unless otherwise mentioned, no representative of GeoReserves has any relationship with the Client which could result in actual or perceived conflicts of interest.

GeoReserves is not bonded but has both professional and general liability insurance policies.

Information provided to the preparer of a reserve study by an official representative of the community regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

This reserve study offers no expressed or implied warrantees or guarantees regarding condition, useful life and cost estimates. These estimates and projections are general in nature and for informative and budget planning purposes only. For the components listed within this study, it is highly recommended that the client relies on advice of contractors and other component-specific vendors in terms of what work should be done as well as up-to-date and accurate cost estimates.

If this reserve study is labeled as a "Draft" then it should not be considered to be an accurate tool to for budgeting or other management purposes. In addition, it will not satisfy any laws requiring a reserve study to be conducted in the Community's state or local area. As part of the contractual obligation between the Client and GeoReserves, the Client has agreed to check the contents of this study for accuracy and provide other areas of feedback.

As mentioned above, it is the responsibility of the Client to review and approve the information within this reserve study. This includes adding, removing or revising any components, quantities, costs, conditions,

and all other relevant data. GeoReserves will make any reasonable revisions to the initial draft at the request of the Client. However, GeoReserves is an independent contractor and will not be obligated to make every request the Client may have. Such unreasonable requests may include, for example, removing any component that has not yet realized its economic life and which the current and future residents of the Community would still expect the Community to maintain. Any refusal of revision request does not remove the Client of its obligation of payment or to approve a final draft if required by any applicable statute or regulation.

This reserve study will be labeled as a "Draft" until the Client has given its final approval and upon doing so recognizes that it took due care in assisting with the preparation of this report and removes GeoReserves of any liability that may arise from the resulting recommendations.

If this report is an update to a previous report: Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies.

If an on-site inspection was not conducted (A Level 3 report), then GeoReserves makes no claims to the current condition of the components.

The projected life expectancy of the major components and the funding needs of the reserves of the community are based upon the community performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components and dramatically increase the funding needs of the reserves of the community.

GeoReserves has assumed all components have been properly built and free from defects. This includes any defects in construction, workmanship, materials, and anything else that can reduce the useful life of a component or lead to premature failure.

Appendix II: Understanding This Report

This section offers a background of reserve studies in general, using industry standards as described by the Association of Professional Reserve Analysts (APRA) and Community Association Institute (CAI). Additional information relating to how GeoReserves prepares its reserve studies can be found here as well. This study is meant to be a collaboration between the Client and GeoReserves. Therefore, it is important for all readers to understand this introduction when reviewing the reserve study as it can answer any questions that may arise.

A reserve study, as defined by APRA, is a budgeting tool intended to aid the directors of Community Associations or other entities responsible for maintaining residential property, retail property, special districts or any other physical plant/property for the future repair, replacement, and restoration of major components of the common areas during the Economic Life of a property.

There are two main sections of a reserve study: The Physical Analysis and Financial Analysis. Part of the Physical Analysis is the Component Assessment and Valuation, which is found in the Component Detail of this report. All of these sections are described below. It is the Client's responsibility to understand not only the contents of the reserve study but his/her role in providing any feedback in the preparation of the final version of this report.

Physical Analysis Overview

The general purpose of the Physical Analysis is to identify the Reserve Components and to estimate the general condition and expenditure needs of these components. The Reserve Components are the major common area elements maintained by the Association, listed in the Component Inventory. The Component Inventory also shows the quantity, and if the component is included in the Financial Analysis, the cost, useful life, and remaining useful life. Information within the Component Inventory is determined primarily from the Site Visit but can also come from additional sources such as the client, vendor, or previous reserve study.

Component Inventory

Determining the Reserve Components

In order to determine what components are included in the component inventory, certain criteria must be met. Typically, a component is considered to be a Reserve Component if it meets the following guidelines:

A. Association Responsibility – The component must be owned or obligated by the Association. Any component that is publicly maintained, maintained by homeowners, a different Association, or any other agency should be excluded from the Component Inventory. Furthermore, leased components, those maintained in full by an existing maintenance contract, or those that are only temporarily under the control of the Association are not included.

B. Limited Useful Life – Many reserve analysts suggest that reserve study components should have useful life 30 or fewer years, and greater than one year. Components with a useful life of more than 30 years are usually considered to last the "economic life of the community" and excluded from the Component Inventory. These include such projects as rebuilding the community buildings or replacing any major utility system. There is, however, some debate on this 30-year limit, and GeoReserves sets the useful life of several components at 40 years. As the Association ages, the client may want to consider adding some of these major costs to the reserve study. For example, in certain parts of the country plumbing repairs are common and expected to occur when the

Association is about 40 years old. Furthermore, annual expenses, even those relating to Reserve Components such as annual roof inspections and repairs, are typically budgeted as an operating expense and not included in the reserve study.

C. Predictable Remaining Useful Life – The component should follow a reasonably predictable schedule. Most components have the risk of premature failure or can last longer than estimated. However typical projects excluded from the Component Inventory are those related to construction defects, acts of God, environmental hazards, future code changes, or other unpredictable events.

D. Above a Minimum Cost – Minor repairs and replacements, those costing less than a certain threshold, are considered to be operating expenses. It is important to note that the threshold is not a set figure that is the same for every Association. A small, single-family home community may have a $500 minimum threshold cost while a high-rise condominium building may use operating funds to pay for any expense less than several thousand dollars or more.

E. Required by Applicable Statutes – Any component that is usually excluded from the Component Inventory, either from reasons stated above or for any other reason, may be included if necessary, to satisfy applicable statutes. These statutes may be directed from a state or local agency, or from the Association's governing documents.

While the above guidelines are used by all reserve study providers, they are not meant to be rigid rules with no room for exceptions. For example, non-physical components such as legal, financial, or other consulting services or reports, including reserve studies, may fit the requirements above but still not be included unless requested by the Client. Also, if the component is funded for in another part of the budget it may be unnecessary to include in the Component Inventory. The Client should work with the reserve study preparer to finalize the Component Inventory, making sure all appropriate components are either included or excluded.

Estimating Quantity, Cost and Useful Life

Once the Component Inventory is finalized, the next step is to measure and quantify the Reserve Components. This reserve study goes to great lengths to ensure that these quantities and measurements are accurate and reliable for budgeting purposes. However, these quantities are not guaranteed. Mistakes can be made when taking measurements or counts. The client should review and check for any potential inaccuracies. See the Component Detail section below for additional information.

A cost estimate, and useful life is then assigned to those Reserve Components that are included in the Financial Analysis. The cost estimate and useful life of each component is gathered from various sources of information including construction cost estimators, research with vendors, actual costs or other information provided by the client and other sources. These are only general estimates and may vary widely from actual expenditures depending on the size and scope of the component. Reserve studies usually do not promote specific procedures and the Client should defer to the expert opinion of component specific vendors or experts at the time of the expenditure for a proper scope of work.

Remaining Useful Life

The Remaining Useful Life (RUL) of each component is based not only on the age of a component, but also on general evaluations and assumptions as well as from any feedback provided by the Client or vendors working with the Association. The RUL of a component with many individual items, such as streetlights or gate operators are usually grouped together. Individual failures within these groups are usually not separated.

Component's Significance
A component's significance is calculated by dividing its Cost by Useful Life (Cost/UL). The significance percentage rate is the portion of each component's significance cost compared to the summed total of these costs. Often times, neglect of components can lead to an unforeseen rise in replacement and repair costs far beyond those projected in this reserve study. Therefore, when reviewing the reserve study and looking for areas to focus the Association's money and resources, these components are a good place to start.

Financial Analysis Overview
The Financial Analysis is comprised of two major sections. The first is an evaluation of the current condition of the Association's reserve funds. Second, an appropriate funding plan is recommended based on the Association's current financial condition and projected future expenditures.

Evaluation of Current Reserve Fund
In order to evaluate the current financial condition, the Fully Funded Balance (FFB) for each component must first be calculated. This is done by taking each future expenditure, as described in the Physical Analysis, and applying the following formula: $\mathbf{FFB} = \left(\frac{Current\ Cost * Effective\ Age}{Useful\ Life}\right)$. The Effective Age is the difference between the Useful Life and the Remaining Useful Life. For Example, if the Useful life of a component is 15 years and the Remaining Useful Life is 12 years, its Effective Age is 3 years. Furthermore, if this same component has a Current Cost of $10,000 its Fully Funded Balance is equal $2,000, because $10,000 * (3/15) equals $2,000. This formula is applied to each component individually and then added together to get the total Fully Funded Balance for the Association.

Percent Funded Metric
The metric used to evaluate the Association's current financial condition is the Percent Funded. This is the actual cash balance compared to the calculated Fully Funded Balance, displayed as a percentage rate. For example, if the Fully Funded Balance for the Association is $100,000 and the Association currently has $90,000, then the association would be 90% Funded.

The Percent Funded shows only a current snapshot of the Association's financial position. The closer to 100% (Fully Funded) the better prepared a community is to pay for its upcoming projected expenses. **A general gauge of strength can be applied to the Percent Funded to determine the current financial position. It is important to note that this gauge only evaluates the current financial position of the Association. It does not evaluate the long-term stability of the funding position.**

The typical gauge used to measure the strength of the current financial position is as follows:
Over 100% Funded: If the Association has a Percent Funded over 100%, it is over-funded. The Association has a reserve fund greater than the ideal amount and presumably, is more than capable of paying for its upcoming projected expenses.

100% Funded: If the Association is 100% Funded, then it is Fully Funded and has the ideal amount of reserve funds necessary at the current moment of time.

70% - 99% Funded: Generally, any Association with its Percent Funded amount within this range is in a strong position. The association should be able to pay for its upcoming projected expenditures.

31% - 69% Funded: If the Association has a Percent Funded amount within this range it is usually considered to be in a fair position. The Association may need to prioritize what upcoming projects it can

afford to do and push other projects back or issue a special assessment or some other means of raising additional funds to pay for upcoming projected expenses.

0% - 30% Funded: If the Association has a Percent Funded within this range it usually means the Association is in a weak financial position. This will typically result in the Association being unable to pay for upcoming projected expenses. The Association will most likely push back projected expenses in order to have time to raise the proper amount of funds. It is important to note that the Association can have a low percent funded amount and still be able to pay for its projected expenses provided if follows the recommended plan.

Limitations of Percent Funded Metric

As noted above, the Percent Funded metric shows only a snapshot of the current financial position. It does not show any indication of the Association's future ability to pay for projected expenses.

For example, a newly constructed development needs little money in its reserve account, as all the common area components have been recently installed, there is little need for major repairs or replacements. Therefore, the dollar amount representing the ideal Fully Funded percent rate is usually a low number. As the Association ages, it will need more and more money in its reserve account in order to be at the Fully Funded level. Therefore, a recently built Association can be in a strong, or even over-funded position in the current year, but quickly drop to a weak position in the future if it does not follow the recommended funding plan. However, it is important to note that certain state statutes may require the developer to transfer a certain amount of money to the reserve fund and these statutes should be followed accordingly.

Also, if the Association is older and reaching the point in time where major repairs and replacements are scheduled to occur, it will be spending more money than it takes in and the Percent Funded may drop to a low percentage rate. The Association may appear to be in a weak funding position; however, as the work is finished it will quickly jump from a weak position to a strong position in a short amount of time if following the recommended funding plan.

Another limitation of relying solely on the Percent Funded metric is that the Association may have a project that costs more than expected or needs to be done sooner than anticipated. The reserve study cost schedule is only a guideline, and if not updated on a regular basis to reflect the Association's specific needs, will result in inadequate information and recommendations.

Funding Plan Methodology

The key metric in evaluating the Association's long-term ability to pay for all projected expenditures of the 30-year span of the study is whether the Association is following the recommended Funding Plan. After the current reserve fund is evaluated in the manner described above, the Funding Plan is then prepared. In order to develop an appropriate plan, the first step is to set a target Funding Goal. There are four possible Funding Goals to choose from: Full Funding, Threshold Funding, Statutory Funding and Baseline Funding.

Full Funding – The most common Funding Goal is Full Funding, in which the Funding Plan target is for the Association to have reserve funds equal to the Fully Funded Balance or 100% funded. This is the appropriate Funding Plan for small to medium sized communities, and many large-scale communities as well.

Threshold Funding – This Funding Goal is set at a specific Percent Funded target. The target could be 80%, 75% or any specific Percent Funded target as determined by the Association and the reserve study preparer. A Threshold Funding Goal is usually seen in larger communities with a really high Fully Funded Balance, and when no projected year of reserve expenditures comes close to that amount.

For example, a very large-scale project with a long list of reserve components may have a Fully Funded Balance of $5 million, however no single year of projected expenses is over $500,000. There would be no reason for the Association to sit on millions of dollars in the reserve fund when the probability of needing to spend that much in a single year is very low.

Statutory Funding – Similar to a Threshold Funding Goal however instead of a target Percent Funded, there is a target minimum amount of reserve funds that must be kept because of any applicable statute or other requirement.

Baseline Funding – This is a specific version of the Threshold Funding Goal in which the Percent Funded target is only 0%. Due to the uncertainty surrounded with estimating costs and predicting when future expenditures will occur, there is a tremendous amount of risk associated with a Baseline Funding Goal.

This report shows the Baseline Funding Goal for comparison purposes only and to give the client a better understanding of what the bare minimum reserve contribution should be. Even the most cash-strapped associations should contribute enough to the reserve fund to meet this Baseline Funding Goal.

Once the Funding Goal is set, the Funding Plan is then prepared. The Funding Plans prepared in this reserve study use the Cash Flow Method. The Cash Flow Method is a method used for preparing reserves studies in which the reserve study preparer tests different reserve contributions against the projected annual reserve expenditures until the Funding Goal is met.

Financial Analysis Limitations and Exclusions

There are certain factors and services that are not considered when preparing the Financial Analysis. These include accounting services such as an audit, review, or compilation when evaluating the current reserve fund. Any financial information provided by the client is assumed to be accurate. However, any settlement or other amount of money that has not yet been transferred to reserves, and before the final amount has been approved, should not be included in the Evaluation of the Current Reserve Fund. The Funding Plan should not include projected interest earnings or other returns on investment that are higher than standard savings, certificates of deposit, or other low-risk accounts. The Funding Plan offers a recommended reserve contribution; beyond that it does not promote any specific investment strategy, nor does it consider external limitations such as restrictions dictated by the Governing Documents or homeowner budget constraints.

Final Thoughts on Financial Analysis

No matter what Funding Goal or Method is used, all reserve study Funding Plans should follow certain basic principles. There should be sufficient reserve funds when required, contributions should be relatively stable and even over time, and the Funding Plan should be fiscally responsible to the Association and all interested parties.

As long as the Association is following its recommended Funding Plan that has it on track to hit its Funding Goal, and is updating the reserve study on a regular basis, it should be able to pay for all projected expenditures in the near-term and long-term. This is the true determination in the strength of the Association's financial condition

Component Detail

The Component Detail section includes the Component Assessment and Valuation, which is the basically the findings of the site visit. In addition to the information already listed in the Component Inventory, this section provides pictures and maps, an evaluation of the condition, a description of what work the

component entails, as well as other notes such as model numbers, quantity breakdowns, etc. Also located in this section are any notes the Client has provided. These notes may include the original installation date, the scope of any work performed, actual costs, an any other relevant feedback.

Site Visit

When the Site Visit is performed, the Reserve Analyst will travel to the community to make all necessary measurements, quantifications, and evaluations of the general condition of the Reserve Components.

It is very important to note that certain common area elements or components the Association is obligated to maintain, repair, or replace may not be located within the normal community boundaries. For example, utility system components, drainage easements, walkways, and landscaping may be located away from the residential units and in places that would not appear to be part of the Association's common area. It is the responsibility of the Client to inform the Reserve Analyst of any areas in which the Association maintains these components. Any CC&R's, maps, or other relevant documents should be provided by the Client for review.

Not every Reserve Component included in the Physical Analysis may be quantified or evaluated in the Site Visit. Components may be excluded from the Site Visit if the component is not readily accessible or available during the time of the Site Visit. This would include components that not available for reasons beyond control of the Reserve Analyst, or which the Client has specified to be excluded, or are under ground, under water, or where the Reserve Analyst would come into contact with water.

Measurements & Quantifications

GeoReserves was founded on the idea that by utilizing Geographical Information Systems (GIS), and Global Positioning System (GPS) devices and software, we can create some of the most accurate and easy to understand reserve studies available. During the site visit we will use GPS devices and software to quantify and track many of the Reserve Components, such as streetlights, signs, and other Reserve Components located throughout the Association. We also utilize Geographical Information Systems (GIS) to create maps and take measurements, such as walls, asphalt and roofs.

Maps of certain components are included to help make this report more reliable and easier to understand. These maps may contain lines, shapes, or other markings to be used as visual aids for the Client to check for any inaccuracies. For example, some Associations may maintain only certain sections of the perimeter block walls. The Client can easily review our map of the included block walls against what the Association is actually obligated to maintain.

Condition Evaluations

The most difficult aspect of any reserve study is the attempt to try to predict just how many years a component will have until failure occurs. Often times even experts in the fields of specific components will have a hard time trying to make that determination. It is therefore important for the Client and all readers of this reserve study understand that the evaluations determined from the site visit only general observations of each component.

These evaluations are not intended to be exhausted in nature and may include representative sampling. When evaluating the condition of components, only the visible features are examined. No activating, operating or shutting down, dismantling, or removing any walls or access panels to any inspect any system or component beyond the most basic of user controls are involved.

Furthermore, the evaluations will typically not determine whether a component is in compliance with any installation guidelines, codes, or other standards or regulations. No intensive examinations relating to the structural, geological, environmental or any other characteristics of the component are involved. This includes the acoustical and other nuisance characteristics. No water damage/leakage tests, fire resistive tests, or any tests relating to conditions of nature are performed.

As mentioned in the Physical Analysis section above, certain items may be grouped together into a single component. As the ages of each building or individual item may vary, the site visit is not intended to attempt to differentiate original construction or subsequent additions or modifications.

The most important thing to consider when understanding the evaluation and the Remaining Useful Life of each component is that any component can fail prematurely or last longer than suggested. That is why reserve studies should be updated and reviewed regularly, and in many states, Associations are required to do so. Also, the RUL is only one variable in the funding model, and so long as the Association makes its best effort to follow the recommended funding plan, in most cases it should have enough funds for any variances in actual reserve expenditures.

Appendix III: Glossary of Terms

As defined by the Association of Professional Reserve Analysts

* All definitions apply to derivatives of these terms when italicized in the text.

1. Association: For the purposes of this document "Association" shall encompass Community Associations, schools, commercial buildings, mutual utility properties, worship facilities, and any other entity interested in the long range planning for the maintenance and replacement of the major components.

2. Cash Flow Method - A method of calculating Reserve contributions 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.

3. Component – or Reserve Component. An individual line item in the Reserve Study developed or updated in the Physical Analysis. These elements form the building blocks of 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, and 5) as required by applicable statutes.

4. 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 onsite visual observations, based on Level of Service selected by the client.

5. Component Inventory - The task of selecting and quantifying Reserve Components. This task is accomplished through any of the following: onsite visual observations, review of association design and organizational documents, review of a previous Reserve Study, review of established association precedents.

6. Component Method - A method of calculating Reserve contributions where the total reserve contribution is based on the sum of contributions for individual Components.

7. Current Cost – A component's current replacement cost as of the date of the financial analysis. Current cost may be less or greater than the total replacement cost depending on the defined replacement scope.

8. Deficit - An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

9. Economic Life – the portion of the total life of a property up until the infrastructure is no longer economically viable to maintain and a significant reinvestment, rebuilding, or renovation is necessary.

10. 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 computation.

11. Extended Useful Life – Systems or Components generally designed to last the life of the community or for which the replacement cost would be economically impractical. Items generally excluded in this category include utility systems, building infrastructure, permanent structures, asphalt streets, swimming pools, tennis courts, etc.

12. Financial Analysis - The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived. The Financial Analysis is one of the two parts of a Reserve Study.

13. Full Study – Complete qualitative and quantitative study, includes site visit.

14. Fully Funded - 100% Funded. When the actual (or projected) Reserve Balance is equal to the Fully Funded Balance.

15. Fully Funded Balance (FFB) - Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve Balance can be compared. In essence, it is the Reserve Balance that is proportional to the current Repair/replacement cost and the fraction of life "used up". This number is calculated for each Component, then 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.

16. Funding Goals - Independent of Methodology utilized, the following represent the basic categories of Funding Plan goals.
16.1. Baseline Funding - Establishing a Reserve Funding goal of keeping the Reserve cash balance above zero.
16.2. Fully Funded - Setting a Reserve Funding goal of attaining and maintaining Reserves at or near 100% funded.
16.3. Statutory Funding - Establishing a Reserve Funding Goal of setting aside the specific minimum amount of funds required by applicable statutes.
16.4. 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 Funded".

17. Funding Plan - An Association's plan to provide income to a Reserve Fund to offset anticipated expenditures from that fund.

18. Inflated Expenditures - The combined annual expenditures for a given year inflated to reflect their estimated future replacement cost.

19. Inflationary Multiplier - The number multiplies by the annual expenditures to estimate the future replacement cost. If inflation was currently projected at 3%, the initial year multiplier would be 1.00, Next Year 1.03, Next year 1.061, etc.

20. Methodology - A statement which addresses the procedures and methods used to prepare a Reserve Study

21. Minimum Balance - A minimum Reserve Balance established by the client or recommended within the Financial Analysis.

22. 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.

23. Physical Analysis - The portion of the Reserve Study where the Component Inventory and Component Assessment and Valuation adjustment tasks are performed. This represents one of the two parts of the Reserve Study.

24. Quantity - The total Quantity of each Component.

25. Readily Accessible - Can be reached, entered, or viewed without difficulty, moving obstructions, or requiring any action which may harm or endanger persons or property.

26. 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. Replacements anticipated to occur in the initial or base year have "zero" Remaining Useful Life.

27. Reserve Analyst – A person who prepares Reserve Studies.

28. Reserve Assessment - The portion of assessments contributed to the Reserve Fund.

29. 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.

30. Reserve Component – see Component.

31. Reserve Fund – Those funds set aside for the future repair, replacement, or restoration of the Reserve Components.

32. Reserve Study - A budgeting tool which identified 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.

33. Site Visit – A visit to the common areas of the association for the purposes of determining the Component Inventory and the Component Assessment and Valuation.

34. 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 applicable statutes.

35. Straight Line - A formula used to calculate the annual Reserve Fund contribution for a specific Component. Projected replacement cost divided by the Useful Life equals the annual payment.

36. Surplus - An actual (or projected) Reserve Balance greater than the Fully Funded Balance. See "Deficit".

37. Unit Cost - The cost of a Component. The Unit Cost is multiplied by the Component's Quantity to obtain the total estimated replacement cost for the Component.

38. Unit of Measure - Refers to the method of measurement applied to a particular Component. The following are examples:
38.1. Square Feet
38.2. Lineal Feet or Linear Feet
38.3. Each
38.4. Square Yards
38.5. Lump Sum
38.6. Squares

39. Update with Site Visit - Qualitative only update and review study, includes site visit.

40. Update without Site Visit – Financial only update study, does not include site visit.

41. 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 in its present application or installation.