

**Centennial Owner's Association**  
**100 - 400 Free Silver Ct. & 200 - 400 Teal Ct.**  
**Aspen, CO 81612**



**Level 1 Reserve Analysis**

**Report Period – 01/01/13 – 12/31/13**

**Client Reference Number - 8336**  
**Property Type – Condominiums**  
**Number of Units – 92**  
**Fiscal Year End – December 31**

**Draft  
Version**

**Date of Property Observation - June 25, 2012**  
**Project Manager - Matthew Woytek**  
**Main Contact Person - Mr. Russell Shaffran, Board of Directors**

**Report was prepared on - Friday, August 17, 2012**

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## Introduction to the Reserve Analysis –

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

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

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

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

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

## **General Information and Answers to Frequently Asked Questions –**

### **Why is it important to perform a Reserve Study?**

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

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

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

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

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

### **How often do we update or review “it”?**

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

### **Is it the law to have a Reserve Study conducted?**

The Government requires reserve analyses in approximately 20 states. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study is completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. This may not mean a Reserve Analysis is required, but how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think \$50,000 is a lot of money and they are in good shape. What they don't know is the roof will 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 makes an asset a “Reserve” item versus an “Operating” item?**

A “Reserve” asset is an item that is the responsibility of the association to maintain, has a limited Useful Life, predictable Remaining Useful Life expectancies, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold cost. An “operating” expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a roof for damage caused by high winds or other weather elements would be considered an “operating” expense. However, if the entire roof needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a Reserve expense.

## **The GREY area of “maintenance” items that are often seen in a Reserve Study –**

One of the most popular questions revolves around major “maintenance” items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a “capital” item, then it cannot be considered a Reserve issue. However, it is the opinion of several major Reserve Study providers that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to ignore a major expense that meets the criteria to be considered a Reserve component. Once explained in this context, many accountants tend to agree and will include any expenses, such as these examples, as a Reserve component.

## **The Property Observation –**

The Property Observation was conducted following a review of the documents that were established by the developer identifying all common area assets. In some cases, the Board of Directors at some point may have revised the documents. In either case, the most current set of documents was reviewed prior to inspecting the property. In addition, common area assets may have been reported to Aspen Reserve Specialties by the client, or by other parties.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the observation. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the observation. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property.

## **The Reserve Fund Analysis –**

We projected the starting balance from taking the most recent balance statement, adding expected Reserve contributions for the rest of the year, and subtracting any pending projects for the rest of the year. We compared this number to the ideal Reserve Balance and arrived at the Percent funded level. Measures of strength are as follows:

**0% - 30% Funded** – Is considered to be a “weak” financial position. Associations that fall into this category are subject to Special Assessments and deferred maintenance, which could lead to lower property values. If the association is in this position, actions should be taken to improve the financial strength of the Reserve Fund.

**31% - 69% Funded** – The majority of associations are considered to be in this “fair” financial position. While this doesn’t represent financial strength and stability, the likelihood of Special Assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the Reserve fund.

**70% - 99% Funded** – This indicates financial strength of a Reserve fund and every attempt to maintain this level should be a goal of the association.

**100% Funded** – This is the ideal amount of Reserve funding. This means that the association has the exact amount of funds in the Reserve account that should be at any given time.

## Summary of Centennial Owner's Association -

Assoc. ID #08336

|                                                    |                    |
|----------------------------------------------------|--------------------|
| Projected Starting Balance as of January 1, 2013 - | <b>\$500,455</b>   |
| Ideal Reserve Balance as of January 1, 2013 -      | <b>\$3,301,170</b> |
| Percent Funded as of January 1, 2013 -             | <b>15%</b>         |
| Recommended Reserve Allocation (per month) -       | <b>\$22,900</b>    |
| Minimum Reserve Allocation (per month) -           | <b>\$20,500</b>    |
| Recommended Alternative Funding -                  | <b>\$1,250,000</b> |

Information to complete this Reserve Analysis was gathered during a property observation of the common area elements on June 25, 2012. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representatives. To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property contains 92 condominium style units within 7 similar buildings that were constructed approximately 28 years ago. Common area amenities the association is responsible to maintain include the building exterior surfaces, the private driveways and parking areas, common area landscaping, mailbox kiosks, unit decking, and a small irrigation system. Based on the age of the community, there are several major components that will need to be addressed in the near future. These components include, but are not limited to, repairing concrete surfaces, replacing and repair unit decking and painting the building exterior surfaces. Please refer to pages 11 and 12 of the Financial Analysis section for a list of when other components are scheduled to be addressed.

In comparing the projected balance of \$500,455 versus the ideal Reserve Balance of \$3,301,170, we find the association Reserve fund to be in a poor financial position at this point in time (approximately 15% funded of ideal). Associations in this position are typically susceptible to Special Assessments and/or deferred maintenance, which can lead to lower property values. As a result of the information contained in this report, we find no alternative but to recommend the association seek alternative funding in the amount of \$1,250,000 to help address the projects recommended to be addressed in 2013. In addition, we find the current budgeted Reserve allocation (\$7,500 per month) to be less than adequate in increasing the strength of the Reserve fund to prepare for future projects. Therefore, we are recommending a substantial increase of the Reserve contribution to \$22,900 (representing an increase of approximately \$167.39 per unit) per month effective immediately, followed by nominal annual increases of 2.25% thereafter to help offset the effects of inflation. By following the recommendation, the plan will maintain the Reserve account in a positive manner, while gradually increasing to a fully funded position within the thirty-year period.

In the percent Funded graph, you will see we have also provided a "minimum Reserve contribution" of \$20,500 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where Special Assessments, deferred maintenance, and lower property values are possible at some point in the future. The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period.

This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (approximately \$26.08 on average per unit per month in this case) to the Reserve fund to only stay above a certain threshold. As you can see, the difference between the two scenarios is considered to be minimal, and based on the risk, we strongly suggest the recommended Reserve Allocation is followed.

Comp #: 108 Standing Seam Metal Roof - Replace



*Observations:*

Metal roofs appeared in fair to poor condition at time of observation with reported problems of possible water intrusion issues. Roofs should be replaced within the next 3 - 5 years in order to ensure proper function of unit building roofs. Expect to replace metal roofs every 30 - 35 years.

*Location:* Unit building roofs

*Quantity:* Approx. 694 squares

*Life Expectancy:* 35 *Remaining Life:* 5

*Best Cost:* \$694,000

\$1000/square; Estimate to replace w/ 24 guage

*Worst Cost:* \$832,800

\$1200/square; Higher estimate for thicker metal

*Source of Information:* Cost database

*General Notes:*

Comp #: 120 Gutters/Downspouts - Replace

Picture Unavailable

Picture Unavailable

*Observations:*

Compared to the amount of roofing and perimeter lineal foot measurements, there is very little rain gutter and downspout on site. Due to the current amount of material, we recommend replacing the sections on an as needed basis with general operating funds. If at a later date, the association adds material to the buildings, then we can adjust this component, or add funding, in future Reserve Study updates.

*Location:* Unit Buildings*Quantity:* Approx. 285 LF*Life Expectancy:* N/A *Remaining Life:**Best Cost:* \$0*Worst Cost:* \$0*Source of Information:**General Notes:*

Comp #: 204 Building Ext Surfaces - Repaint

*Observations:*

Paint was peeling and in poor condition in numerous areas throughout the community. We are recommending the association begins replacing the siding on the unit buildings starting in 2013. Begin painting the buildings after the siding project is complete. Local professionals recommend repainting hardboard siding every 5 years in order to maintain appearances and to protect the building exterior surfaces.

*Location:* Unit building exterior cladding*Quantity:* (92) Units*Life Expectancy:* 5 *Remaining Life:* 0*Best Cost:* \$57,500

\$625/unit; Estimate to repaint buildings

*Worst Cost:* \$69,000

\$750/unit; Higher estimate for more prep work

*Source of Information:* Cost Database*General Notes:*

Approx. quantity - 174,615 GSF of painted surfaces

Comp #: 207 Railings - Repaint

**Observations:**

Metal rails throughout the community had thin, faded paint or no paint at all at time of observation. Majority of wood rails are either partially or fully protected from the elements and appeared in better condition. It is recommended by local contractors that exterior railing be painted every 3 - 4 years in order to maximize the useful life of the rail. It is vitally important that exterior railing components remain protected from precipitation. Based on the observed conditions, we recommend painting all rails this fiscal year (2013).

**Location:** Unit buildings**Quantity:** Approx. 1,415 LF**Life Expectancy:** 4 **Remaining Life:** 0**Best Cost:** \$6,015

\$4.25/LF; Estimate to repaint rail

**Worst Cost:** \$6,370

\$4.50/LF; Higher estimate for more prep costs

**Source of Information:** Cost Database**General Notes:**

metal rail - 555 LF  
wood rail -  
Common area - 160 LF  
Unit buildings - 660 LF  
200 Teal - 40 LF

Comp #: 214 Parking Stops - Replace

**Observations:**

Parking stops appeared in poor condition at time of observation with cracked, spalled and deteriorated concrete apparent. We recommend replacing parking stops every 15 years in order to ensure safety and maintain appearances of the community.

**Location:** Parking Area**Quantity:** Approx. (60) stops**Life Expectancy:** 15 **Remaining Life:** 0**Best Cost:** \$3,300

\$55/stop; Estimate to replace

**Worst Cost:** \$3,720

\$62/stop; Higher estimate for better quality

**Source of Information:** Cost Database**General Notes:**

Teal Court Parking area - (20) stops

Free Silver Parking area - (40) stops

Comp #: 305 Wood Siding - Replace

**Observations:**

It was reported that the association is going through water mitigation projects and it was apparent in areas that there has been some intrusive inspections performed recently. Due to the potential problems associated with the siding, we recommend reserving to completely replace all siding as soon as possible. Plan to replace all siding starting in 2013.

**Location:** Unit building exterior cladding**Quantity:** Approx. 172,753 GSF**Life Expectancy:** 30 **Remaining Life:** 0**Best Cost:** \$1,382,025

\$8.00/GSF; Estimate to replace

**Worst Cost:** \$1,554,780

\$9.00/GSF; Higher estimate for better quality

**Source of Information:** Cost Database**General Notes:**

Approx. quantity - 174,615 GSF

300 Free Silver Units 314 & 324 -  
612 GSF new fiber cement lap siding  
1,250 GSF new hardboard lap siding

total original siding - 172,753 GSF

Comp #: 401 Asphalt - Overlay

**Observations:**

Surfaces are dry and are in need of a seal coat this next year. Depending on traffic, maintenance levels, and snow removal techniques (plow, sand, snow melt, etc.), the life of asphalt should range between 15 - 20 years.

**Location:** Parking Area**Quantity:** Approx. 52,560 GSF**Life Expectancy:** 24 **Remaining Life:** 15**Best Cost:** \$78,840

\$1.50/GSF; Est. to rotomill and 2" overlay

**Worst Cost:** \$86,725

\$1.65/GSF; Higher estimate for local repairs

**Source of Information:** Cost Database**General Notes:****Teal Court Parking Area - 21,045 GSF****Free Silver - 31,515 GSF**

Comp #: 402 Asphalt - Seal Coat/crack fill



*Observations:*

In this climate, seal coating is recommended every 3 - 4 years. In between seal cycles, asphalt should be crack filled and repaired as a preventative maintenance measure to ensure maximum life expectancy from the material.

*Location:* Teal Court Parking Area

*Quantity:* Approx. 52,560 GSF

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

*Best Cost:* \$6,310

\$.12/GSF; Estimate for seal coat only

*Worst Cost:* \$7,885

\$.15/GSF; Higher estimate for some repairs

*Source of Information:* Cost Database

*General Notes:*

Teal Court Parking Area - 21,045 GSF

Free Silver - 31,515 GSF

Comp #: 407 Curb and Gutters - Repair

**Observations:**

At the time of the observation, there were only minor signs of cracking or other problems. Since it is unlikely that all surfaces will need to be replaced at the same time, we suggest establishing a Reserve fund to repair 10% of the area (370 GSF) every 4 years. Coordinate future repairs with asphalt work for best cost estimate since most asphalt companies can also perform concrete repairs.

**Location:** Parking area**Quantity:** Approx. 3,700 GSF**Life Expectancy:** 4 **Remaining Life:** 0**Best Cost:** \$3,330

Estimate to repair 10% of area every 4 years

**Worst Cost:** \$3,515

Higher estimate for more repairs

**Source of Information:** Cost Database**General Notes:**

From 200 Teal to trash encl. - 750 GSF

Free Silver Parking area - 2,950 GSF

Comp #: 501 Doors - Replace

**Observations:**

It was reported by client that the doors are the responsibility of the individual owners, therefore, no reserve funding recommended at this time.

**Location:** Unit Buildings**Quantity:** Approx. (184) doors**Life Expectancy:** N/A **Remaining Life:****Best Cost:** \$0**Worst Cost:** \$0**Source of Information:****General Notes:**

3' x 7' doors - 92 doors

Sliding doors - 92 doors

Comp #: 502 Rollup Doors - Replace



*Observations:*

All rollup doors worked properly at time of observation with no overt problems noted. These types of doors have a long useful life and due to the limited amount of use, we expect these doors to last approximately 30 years. Make minor repairs as needed while reserving to replace doors every 35 years.

*Location:* Unit Buildings

*Quantity:* Approx. (18) doors

*Life Expectancy:* 35 Remaining Life: 7

*Best Cost:* \$36,000

\$2,000/Door; Estimate to replace

*Worst Cost:* \$46,800

\$2,600/Door; Estimate for better quality

*Source of Information:* Cost Database

*General Notes:*

(8) 7' x 8' Overhead Rollup doors

(10) 7' x 7' Overhead Rollup doors

Comp #: 506 Windows - Replace



**Observations:**

Similar to community doors, it was reported by the client that the unit building windows are the responsibility of the individual homeowner. No reserve funding necessary at this time.

**Location:** Unit buildings

**Quantity:** Extensive quantity

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

**Best Cost:** \$0

**Worst Cost:** \$0

**Source of Information:**

**General Notes:**

Comp #: 601 Concrete Sidewalks/Decks - Repair

**Observations:**

Signs of settling, advanced spalling, cracking and deteriorating concrete was apparent at time of observation. However, much of the concrete on this line item is partially or fully protected from precipitation which will allow for a longer useful life. Similar to other concrete components in this report, it is unlikely that all concrete surfaces will fail and need to be replaced at the same time, frequent repairs and replacement to a percentage of the area (10% or 2520 GSF), should be anticipated every 4 years.

**Location:** Common areas and unit buildings**Quantity:** Approx. 25,215 GSF**Life Expectancy:** 4 **Remaining Life:** 0**Best Cost:** \$22,680

Allowance to repair 5% of area every 4 years

**Worst Cost:** \$23,940

Higher estimate for more repairs

**Source of Information:** Cost Database**General Notes:**

Concrete in front of bldg 300 & 400 - 1,505 GSF  
Unit Building concrete - 10,135 GSF  
100 Free Silver sidewalks - 2,200 GSF  
200 Free Silver sidewalks - 1,300 GSF  
300 Free Silver sidewalks - 1,640 GSF  
Common area - 1,155 GSF  
400 Free Silver sidewalks - 1,455 GSF  
200 Teal - 1,485 GSF  
From 200 Teal to trash encl. - 1,000 GSF  
Free Silver Parking area - 3,340 GSF

Comp #: 602 Lower Rear Decks - Replace (Phase 1)

**Observations:**

Rear decks were in very poor condition at time of observation with completely rotted fascia, make-shift support and dangerous walking surfaces apparent. The community is currently prioritizing the repairs to rear decks and expect to make repairs annually until all decks are deemed safe and acceptable conditions for walking surfaces is achieved. In the future, expect to replace decking every 18 - 20 years in order to avoid a recurrence of observed conditions.

**Location:** Unit buildings**Quantity:** (9) decks, approx. 1,800 GSF**Life Expectancy:** 20 **Remaining Life:** 0**Best Cost:** \$45,000

Estimate to replace lower, rear decks

**Worst Cost:** \$54,000

Higher estimate for more repairs/replacement

**Source of Information:** Client provided cost information**General Notes:**

NOTE: Reported that the association has been in the process of prioritizing replacement of the rear decks. The association, reportedly, was constructed on mine tailings and this has led to EPA restrictions in digging piers to properly support the decks. If more information regarding the EPA situation, costs of the decks, or total number of decks to be replaced in the near future is decided on, we can adjust our recommendations upon revising this draft report.

Comp #: 603 Lower Rear Decks - Replace (Phase 2)

*Observations:*

Rear decks were in very poor condition at time of observation with completely rotted fascia, make-shift support and dangerous walking surfaces apparent. The community is currently prioritizing the repairs to rear decks and expect to make repairs annually until all decks are deemed safe and acceptable conditions for walking surfaces is achieved. In the future, expect to replace decking every 18 - 20 years in order to avoid a recurrence of observed conditions.

*Location:* Unit buildings*Quantity:* (9) decks, approx. 1,800 GSF*Life Expectancy:* 20 *Remaining Life:* 2*Best Cost:* \$45,000

Estimate to replace lower, rear decks

*Worst Cost:* \$54,000

Higher estimate for more repairs/replacement

*Source of Information:* Client provided cost information*General Notes:*

NOTE: Reported that the association has been in the process of prioritizing replacement of the rear decks. The association, reportedly, was constructed on mine tailings and this has led to EPA restrictions in digging piers to properly support the decks. If more information regarding the EPA situation, costs of the decks, or total number of decks to be replaced in the near future is decided on, we can adjust our recommendations upon revising this draft report.

Comp #: 604 Lower Rear Decks - Replace (Phase 3)

*Observations:*

Rear decks were in very poor condition at time of observation with completely rotted fascia, make-shift support and dangerous walking surfaces apparent. The community is currently prioritizing the repairs to rear decks and expect to make repairs annually until all decks are deemed safe and acceptable conditions for walking surfaces is achieved. In the future, expect to replace decking every 18 - 20 years in order to avoid a recurrence of observed conditions.

*Location:* Unit buildings*Quantity:* (9) decks, approx. 1,800 GSF*Life Expectancy:* 20 *Remaining Life:* 4*Best Cost:* \$45,000

Estimate to replace lower, rear decks

*Worst Cost:* \$54,000

Higher estimate for more repairs/replacement

*Source of Information:* Client provided cost information*General Notes:*

NOTE: Reported that the association has been in the process of prioritizing replacement of the rear decks. The association, reportedly, was constructed on mine tailings and this has led to EPA restrictions in digging piers to properly support the decks. If more information regarding the EPA situation, costs of the decks, or total number of decks to be replaced in the near future is decided on, we can adjust our recommendations upon revising this draft report.

Comp #: 605 Lower Rear Decks - Replace (Phase 4)

**Observations:**

Rear decks were in very poor condition at time of observation with completely rotted fascia, make-shift support and dangerous walking surfaces apparent. The community is currently prioritizing the repairs to rear decks and expect to make repairs annually until all decks are deemed safe and acceptable conditions for walking surfaces is achieved. In the future, expect to replace decking every 18 - 20 years in order to avoid a recurrence of observed conditions.

**Location:** Unit buildings**Quantity:** (9) decks, approx. 1,800 GSF**Life Expectancy:** 20 **Remaining Life:** 6**Best Cost:** \$45,000

Estimate to replace lower, rear decks

**Worst Cost:** \$54,000

Higher estimate for more repairs/replacement

**Source of Information:** Client provided cost information**General Notes:**

NOTE: Reported that the association has been in the process of prioritizing replacement of the rear decks. The association, reportedly, was constructed on mine tailings and this has led to EPA restrictions in digging piers to properly support the decks. If more information regarding the EPA situation, costs of the decks, or total number of decks to be replaced in the near future is decided on, we can adjust our recommendations upon revising this draft report.

Comp #: 606 Lower Rear Decks - Replace (Phase 5)

**Observations:**

Rear decks were in very poor condition at time of observation with completely rotted fascia, make-shift support and dangerous walking surfaces apparent. The community is currently prioritizing the repairs to rear decks and expect to make repairs annually until all decks are deemed safe and acceptable conditions for walking surfaces is achieved. In the future, expect to replace decking every 18 - 20 years in order to avoid a recurrence of observed conditions.

**Location:** Unit buildings**Quantity:** (10) decks, approx. 2,000 GSF**Life Expectancy:** 20 **Remaining Life:** 8**Best Cost:** \$50,000

Estimate to replace lower, rear decks

**Worst Cost:** \$60,000

Higher estimate for more repairs/replacement

**Source of Information:** Client provided cost information**General Notes:**

NOTE: Reported that the association has been in the process of prioritizing replacement of the rear decks. The association, reportedly, was constructed on mine tailings and this has led to EPA restrictions in digging piers to properly support the decks. If more information regarding the EPA situation, costs of the decks, or total number of decks to be replaced in the near future is decided on, we can adjust our recommendations upon revising this draft report.

Comp #: 607 Upper Rear Decks - Major Repairs

**Observations:**

Due to privacy issues, we were unable to observe the conditions of the upper decks. However, based on reported information from the client, there are concerns that the upper decks have water intrusion problems related to their reported, current state of repair. Therefore, we recommend that the association reserve to make major repairs every 4 years in order to ensure proper function of water mitigation, safety to the homeowner and appropriate appearances. If deterioration rates change, we can adjust quantity or frequency of repairs in future updates of this report.

**Location:** Unit, upper decks**Quantity:** Approx. (46) decks**Life Expectancy:** 4 **Remaining Life:** 2**Best Cost:** \$27,600

\$600/deck; Estimate for majore repairs

**Worst Cost:** \$31,050

\$675/deck; Higher estimate for more repairs

**Source of Information:** Cost Database**General Notes:**

Comp #: 608 Community Decking - Reseal

**Observations:**

All decking throughout the community appeared dry with very little, if any, stain/sealant on the surface. These decks are in need of resealing this fiscal year in order to restore appearances and ensure a safe walking surface for the residents. Expect to reseal wood decking every 3 years in order to protect the wood from advanced deterioration, and in order to maximize useful life.

**Location:** Unit Buildings**Quantity:** Approx. 24,775 GSF**Life Expectancy:** 3 **Remaining Life:** 0**Best Cost:** \$24,775

\$1.00/GSF; Estimate to reseal

**Worst Cost:** \$30,975

\$1.25/GSF; Higher estimate for more labor

**Source of Information:** Cost database**General Notes:**

Unit landings - 6,375 GSF  
Unit rear, upper decks - 9,200 GSF  
Unit rear, lower decks - 9,200 GSF

Comp #: 609 Unit Landings - Major Repairs

**Observations:**

Landings appeared in fair condition at time of observation with only minor issues apparent at time of observation. We are recommending that the association reserve to restrain the decking every 3 years and feel that the decks will need significant repairs approximately every other restraining cycle in order to keep them safe and attractive.

**Location:** Unit Buildings**Quantity:** Approx. 6,375 GSF**Life Expectancy:** 6 **Remaining Life:** 3**Best Cost:** \$11,160

Estimate for major repairs every 5 years

**Worst Cost:** \$13,390

Higher estimate for more repairs

**Source of Information:** Cost Database**General Notes:**

Comp #: 610 Steel Stairs/Landings - Replace

**Observations:**

Steel grate components appeared in fair condition with some areas of rusting and oxidation noted at time of observation. These steel treads and landings have a long useful life, however, as this property ages it becomes increasingly important to begin reserving to replace the steel walkways and stairs due to the high cost for replacement. Expect to start replacing these stairs and landings within the next 9 - 11 years.

**Location:** Unit buildings**Quantity:** See general notes**Life Expectancy:** 40 **Remaining Life:** 11**Best Cost:** \$885,800

Estimate to replace

**Worst Cost:** \$1,062,560

Higher estimate for upgraded materials

**Source of Information:** Cost Database**General Notes:**

Steel treads -  
(528) treads - \$127,000 - \$152,000  
Steel landings -  
5,420 GSF - \$758,800 - \$910,560

Comp #: 803 Mailboxes - Replace

**Observations:**

These cluster box units are standard and are available for retail purchase. The individual cost for replacement is not enough for separate reserve allocation, however, in order to keep a consistent appearance throughout the community, we recommend reserving to replace all mailboxes at the same time.

**Location:** Adjacent unit buildings**Quantity:** Approx. 21 CBUs**Life Expectancy:** 20 **Remaining Life:** 6**Best Cost:** \$5,250  
\$250/unit; Estimate to replace**Worst Cost:** \$7,875  
\$375/unit; Higher estimate for better quality**Source of Information:** Research with supplier**General Notes:**

Bldg 400 - (2) 4 box CBUs  
Bldg 100 - (4) 4 box CBUs  
Bldg 200 - (2) 5 box CBUs  
Bldg 300 - (3) 4 box CBUs, (1) 3 box CBU  
Bldg 400 Free Silver - (2) 5 box CBUs  
Bldg 200 Teal - (4) 4 box CBUs  
Bldg 300 Teal - (3) 4 box CBUs, (1) 5 box CBU

Comp #: 1001 Rail - Replace

**Observations:**

Wood railings were bowed, aged in appearance and in need of some maintenance at time of observation. Metal rails show signs of some minor rust and oxidation. Due to the overall condition we recommend reserving to replace a percentage of the area every 5 years (10% or 140 LF) as we do not expect all railings will fail at the same time. Make minor repairs as needed between replacement cycles.

**Location:** Common area and unit buildings**Quantity:** Approx. 1,415 LF**Life Expectancy:** 30 **Remaining Life:** 5**Best Cost:** \$4,620

Estimate to replace 10% of area every 5 years

**Worst Cost:** \$5,320

Higher estimate for more replacement

**Source of Information:** Cost Database**General Notes:**

wood rail -  
Common area - 160 LF  
Unit buildings - 660 LF  
200 Teal - 40 LF  
metal rail - 555 LF

Comp #: 1010 Trash Enclosures - Rebuild



*Observations:*

Trash enclosures appeared in fair condition at time of observation with minor damage apparent throughout structure. It is unlikely that the framing or roof deck will have to be replaced at any time during the scope of this report (30 yrs), however the finishes on the trash enclosures (siding, roofing, gates, etc.) should be replaced approximately every 20 years in order to maintain appearance and ensure safety for residents.

*Location:* Parking areas

*Quantity:* (2) enclosures

*Life Expectancy:* 20 *Remaining Life:* 5

*Best Cost:* \$10,000

\$5,000/enclosure; Estimate to rebuild

*Worst Cost:* \$15,000

\$7500/enclosure; Higher estimate for better quality

*Source of Information:* Cost Database

*General Notes:*

Free Silver Parking area, trash enclosure -  
comp shingle roof - 4 squares  
siding - 355 GSF  
(2) gates (5 x 7)

Teal Court Parking area, trash enclosure -  
comp shingle roof - 3 squares  
siding - 365 GSF  
(2) gates (5 x 7)

Comp #: 1311 Pet Waste Pick Up Stations - Replace



Picture Unavailable

**Observations:**

Due to low cost of replacement and low quantity of stations in the community, we do not recommend reserving to replace.

**Location:** Adjacent Bldg 400 Free Silver

**Quantity:** (4) Pet waste stations

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

**Best Cost:** \$0

**Worst Cost:** \$0

**Source of Information:**

**General Notes:**

Common area - (1) station

Teal Court Parking area - (1) station

Free Silver Parking area - (2) stations

Comp #: 1602 Exterior Wall Mount - Replace

**Observations:**

Lights are dated in appearance and should be replaced within the next 3 - 5 years. While replacement can occur on an as needed basis, it is our opinion and recommendation to replace all lights at the same time every 15 - 20 years to maintain a consistent appearance throughout the property. In addition, by replacing multiple fixtures, the association will be able to obtain a quantity discount for the fixtures. Estimated replacement cost includes labor for installation.

**Location:** Unit buildings**Quantity:** Approx. (200) fixtures**Life Expectancy:** 20 **Remaining Life:** 5**Best Cost:** \$25,000

\$125/light; Estimate to replace

**Worst Cost:** \$30,000

\$150/light; Higher estimate for better quality

**Source of Information:** Cost Database**General Notes:**

Comp #: 1604 Pole Lights - Replace



*Observations:*

No structural problems noted with lights at the time of observation. Due to the extended life associated with light poles reserve funding is not appropriate. Reserve only to replace fixtures on a 20 year schedule to maintain appearance and function.

*Location:* Common areas

*Quantity:* Approx. (10) fixtures

*Life Expectancy:* 20 *Remaining Life:* 2

*Best Cost:* \$2,500

\$250/fixture; Estimate to replace with similar

*Worst Cost:* \$3,250

\$325/light; Higher estimate for different fixture

*Source of Information:* Cost Database

*General Notes:*

Common area - (4) fixtures

Teal Court Parking area - (2) fixtures

Free Silver Parking area - (4) fixtures

Comp #: 1701 Irrigation System - Major Repairs

**Observations:**

No problems reported in regard to the irrigation system at time of preparing this report. This line item and the funding herein is to address problems that happen to the irrigation system that require more scope of work than routine maintenance. As tree and shrub roots mature, it is common for them to impinge on lateral lines causing significant damage to the system. Progressively reserve for irrigation system repairs rather than reacting to an emergency project which drives costs up significantly.

**Location:** Throughout community**Quantity:** Minimal system**Life Expectancy:** 10 **Remaining Life:** 4**Best Cost:** \$10,000

Allowance for major repairs

**Worst Cost:** \$12,500

Higher allowance for more repairs

**Source of Information:** Cost Database**General Notes:**

Comp #: 1703 Irrigation Timeclocks - Replace

**Observations:**

No problems reported while preparing this report. Under normal conditions (not including Acts of God, vandalism, etc.) these clocks should last 10 - 12 years with proper maintenance. Due to advances in technology and water efficiency, we suggest reserving to replace all clocks at the same time. A lot of communities are upgrading to ET type controllers and the costs reflect this. Remaining useful life based on average age of all clocks.

**Location:** Common area**Quantity:** (2) clocks**Life Expectancy:** 12 **Remaining Life:** 0**Best Cost:** \$2,400

\$1200/clock; Estimate to replace

**Worst Cost:** \$3,000

\$1500/Clock; Higher estimate for larger clock

**Source of Information:** Cost Database**General Notes:**

Irrigation clock -  
400 Teal  
Rainbird ESP-12LX  
s/n: 1238914, date: 14-FE-00  
200 Free Silver  
Rainbird ESP16-LX  
s/n: 1248964, date: 03-MR-00

Comp #: 1703 Irrigation Timeclock - Replace



Picture Unavailable

**Observations:**

No problems reported while preparing this report. Under normal conditions (not including Acts of God, vandalism, etc.) this clock should last 10 - 12 years with proper maintenance. Due to advances in technology and water efficiency, we suggest reserving to replace all clocks at the same time. A lot of communities are upgrading to ET type controllers and the costs reflect this.

**Location:** Common area

**Quantity:** (1) clock

**Life Expectancy:** 12 **Remaining Life:** 8

**Best Cost:** \$1,200

\$1200/clock; Estimate to replace

**Worst Cost:** \$1,500

\$1500/Clock; Higher estimate for larger clock

**Source of Information:** Cost Database

**General Notes:**

200 Teal  
Hunter PRO-C  
date: Aug '09

## *Funding Summary For Centennial Owner's Association*

### **Beginning Assumptions**

|                                                     |                      |
|-----------------------------------------------------|----------------------|
| Financial Information Source                        | Research With Client |
| # of units                                          | 92                   |
| Fiscal Year End                                     | December 31, 2013    |
| Monthly Dues from 2012 budget                       | \$29,318.33          |
| Monthly Reserve Allocation from 2012 Budget         | \$7,500.00           |
| Projected Starting Reserve Balance (as of 1/1/2013) | \$500,455            |
| Ideal Starting Reserve Balance (as of 1/1/2013)     | \$3,301,170          |

### **Economic Factors**

|                                                    |       |
|----------------------------------------------------|-------|
| Past 20 year Average Inflation Rate (Based on CCI) | 4.00% |
| Past 20 year Average Interest Rate                 | 3.50% |

### **Current Reserve Status**

|                                         |     |
|-----------------------------------------|-----|
| Current Balance as a % of Ideal Balance | 15% |
|-----------------------------------------|-----|

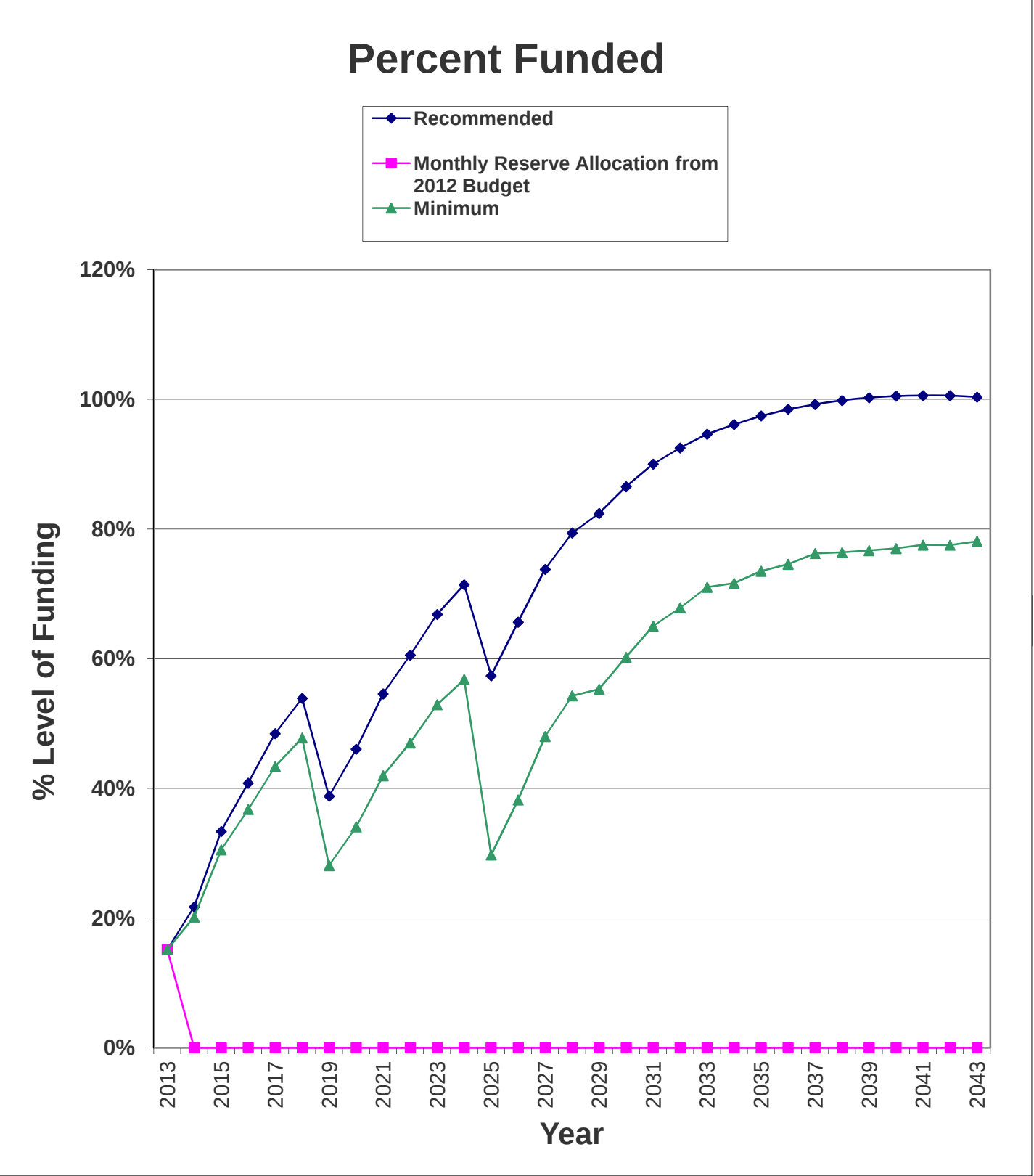
### **Recommendations for 2013 Fiscal Year**

|                                    |             |
|------------------------------------|-------------|
| Monthly Reserve Allocation         | \$22,900    |
| Per Unit                           | \$248.91    |
| Minimum Monthly Reserve Allocation | \$20,500    |
| Per Unit                           | \$222.83    |
| Primary Annual Increases           | 2.25%       |
| # of Years                         | 30          |
| Secondary Annual Increases         | 2.50%       |
| # of Years                         | 0           |
| Special Assessment                 | \$1,250,000 |
| Per Unit                           | \$13,587    |

### **Changes From Prior Year (2012 to 2013)**

|                                         |          |
|-----------------------------------------|----------|
| Increase/Decrease to Reserve Allocation | \$15,400 |
| as Percentage                           | 205%     |
| Per Unit                                | \$167.39 |

Percent Funded Graph For Centennial Owner's Association



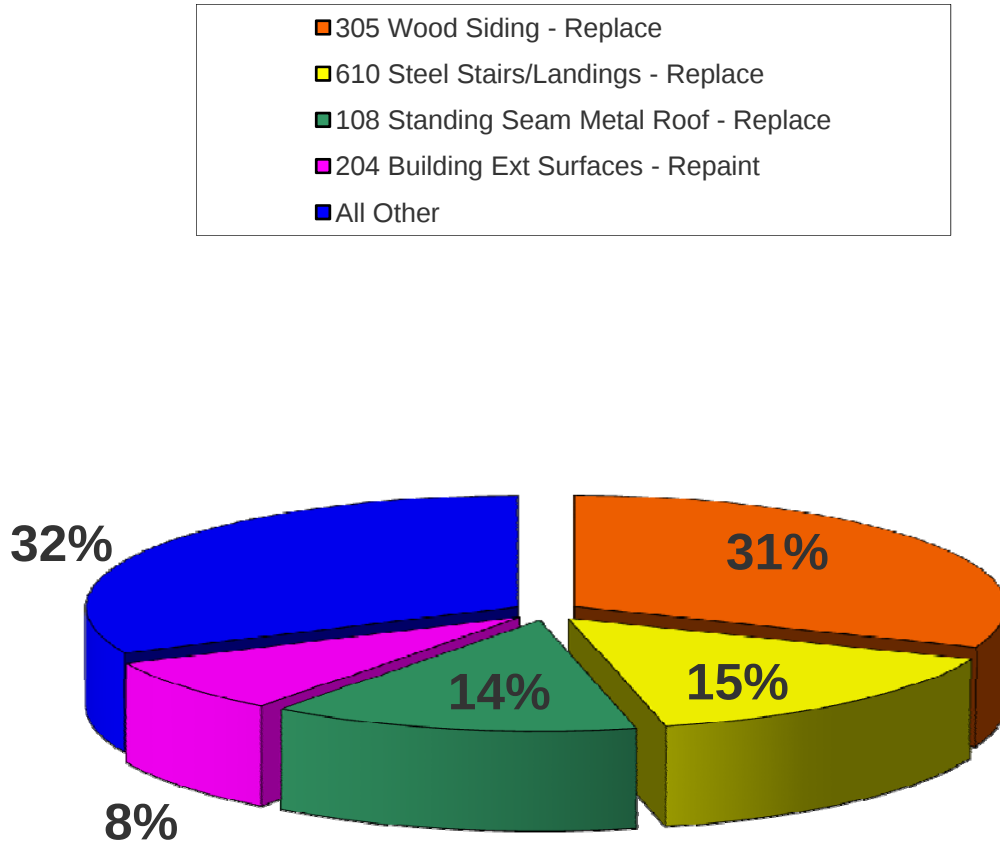
## Component Inventory for Centennial Owner's Association

| Category             | Asset # | Asset Name                           | UL  | RUL | Best Cost   | Worst Cost  |
|----------------------|---------|--------------------------------------|-----|-----|-------------|-------------|
| Roofing              | 108     | Standing Seam Metal Roof - Replace   | 35  | 5   | \$694,000   | \$832,800   |
|                      | 120     | Gutters/Downspouts - Replace         | N/A |     | \$0         | \$0         |
| Painted Surfaces     | 204     | Building Ext Surfaces - Repaint      | 5   | 0   | \$57,500    | \$69,000    |
|                      | 207     | Railings - Repaint                   | 4   | 0   | \$6,015     | \$6,370     |
|                      | 214     | Parking Stops - Replace              | 15  | 0   | \$3,300     | \$3,720     |
| Siding Materials     | 305     | Wood Siding - Replace                | 30  | 0   | \$1,382,025 | \$1,554,780 |
| Drive Materials      | 401     | Asphalt - Overlay                    | 24  | 15  | \$78,840    | \$86,725    |
|                      | 402     | Asphalt - Seal Coat/crack fill       | 4   | 0   | \$6,310     | \$7,885     |
|                      | 407     | Curb and Gutters - Repair            | 4   | 0   | \$3,330     | \$3,515     |
| Property Access      | 501     | Doors - Replace                      | N/A |     | \$0         | \$0         |
|                      | 502     | Rollup Doors - Replace               | 35  | 7   | \$36,000    | \$46,800    |
|                      | 506     | Windows - Replace                    | N/A |     | \$0         | \$0         |
| Decking              | 601     | Concrete Sidewalks/Decks - Repair    | 4   | 0   | \$22,680    | \$23,940    |
|                      | 602     | Lower Rear Decks - Replace (Phase 1) | 20  | 0   | \$45,000    | \$54,000    |
|                      | 603     | Lower Rear Decks - Replace (Phase 2) | 20  | 2   | \$45,000    | \$54,000    |
|                      | 604     | Lower Rear Decks - Replace (Phase 3) | 20  | 4   | \$45,000    | \$54,000    |
|                      | 605     | Lower Rear Decks - Replace (Phase 4) | 20  | 6   | \$45,000    | \$54,000    |
|                      | 606     | Lower Rear Decks - Replace (Phase 5) | 20  | 8   | \$50,000    | \$60,000    |
|                      | 607     | Upper Rear Decks - Major Repairs     | 4   | 2   | \$27,600    | \$31,050    |
|                      | 608     | Community Decking - Reseal           | 3   | 0   | \$24,775    | \$30,975    |
|                      | 609     | Unit Landings - Major Repairs        | 6   | 3   | \$11,160    | \$13,390    |
|                      | 610     | Steel Stairs/Landings - Replace      | 40  | 11  | \$885,800   | \$1,062,560 |
| Prop. Identification | 803     | Mailboxes - Replace                  | 20  | 6   | \$5,250     | \$7,875     |
| Fencing/Walls        | 1001    | Rail - Replace                       | 30  | 5   | \$4,620     | \$5,320     |
|                      | 1010    | Trash Enclosures - Rebuild           | 20  | 5   | \$10,000    | \$15,000    |
| Recreation Equip.    | 1311    | Pet Waste Pick Up Stations - Replace | N/A |     | \$0         | \$0         |
| Light Fixtures       | 1602    | Exterior Wall Mount - Replace        | 20  | 5   | \$25,000    | \$30,000    |
|                      | 1604    | Pole Lights - Replace                | 20  | 2   | \$2,500     | \$3,250     |
| Irrig. System        | 1701    | Irrigation System - Major Repairs    | 10  | 4   | \$10,000    | \$12,500    |
|                      | 1703    | Irrigation Timeclocks - Replace      | 12  | 0   | \$2,400     | \$3,000     |
|                      | 1703    | Irrigation Timeclock - Replace       | 12  | 8   | \$1,200     | \$1,500     |

## Significant Components For Centennial Owner's Association

| ID   | Asset Name                           | UL | RUL | Ave Curr<br>Cost | Significance:<br>(Curr Cost/UL) |          |
|------|--------------------------------------|----|-----|------------------|---------------------------------|----------|
|      |                                      |    |     |                  | As \$                           | As %     |
| 108  | Standing Seam Metal Roof - Replace   | 35 | 5   | \$763,400        | \$21,811                        | 13.8001% |
| 204  | Building Ext Surfaces - Repaint      | 5  | 0   | \$63,250         | \$12,650                        | 8.0036%  |
| 207  | Railings - Repaint                   | 4  | 0   | \$6,193          | \$1,548                         | 0.9795%  |
| 214  | Parking Stops - Replace              | 15 | 0   | \$3,510          | \$234                           | 0.1481%  |
| 305  | Wood Siding - Replace                | 30 | 0   | \$1,468,403      | \$48,947                        | 30.9685% |
| 401  | Asphalt - Overlay                    | 24 | 15  | \$82,783         | \$3,449                         | 2.1823%  |
| 402  | Asphalt - Seal Coat/crack fill       | 4  | 0   | \$7,098          | \$1,774                         | 1.1226%  |
| 407  | Curb and Gutters - Repair            | 4  | 0   | \$3,423          | \$856                           | 0.5414%  |
| 502  | Rollup Doors - Replace               | 35 | 7   | \$41,400         | \$1,183                         | 0.7484%  |
| 601  | Concrete Sidewalks/Decks - Repair    | 4  | 0   | \$23,310         | \$5,828                         | 3.6870%  |
| 602  | Lower Rear Decks - Replace (Phase 1) | 20 | 0   | \$49,500         | \$2,475                         | 1.5659%  |
| 603  | Lower Rear Decks - Replace (Phase 2) | 20 | 2   | \$49,500         | \$2,475                         | 1.5659%  |
| 604  | Lower Rear Decks - Replace (Phase 3) | 20 | 4   | \$49,500         | \$2,475                         | 1.5659%  |
| 605  | Lower Rear Decks - Replace (Phase 4) | 20 | 6   | \$49,500         | \$2,475                         | 1.5659%  |
| 606  | Lower Rear Decks - Replace (Phase 5) | 20 | 8   | \$55,000         | \$2,750                         | 1.7399%  |
| 607  | Upper Rear Decks - Major Repairs     | 4  | 2   | \$29,325         | \$7,331                         | 4.6385%  |
| 608  | Community Decking - Reseal           | 3  | 0   | \$27,875         | \$9,292                         | 5.8788%  |
| 609  | Unit Landings - Major Repairs        | 6  | 3   | \$12,275         | \$2,046                         | 1.2944%  |
| 610  | Steel Stairs/Landings - Replace      | 40 | 11  | \$974,180        | \$24,355                        | 15.4090% |
| 803  | Mailboxes - Replace                  | 20 | 6   | \$6,563          | \$328                           | 0.2076%  |
| 1001 | Rail - Replace                       | 30 | 5   | \$4,970          | \$166                           | 0.1048%  |
| 1010 | Trash Enclosures - Rebuild           | 20 | 5   | \$12,500         | \$625                           | 0.3954%  |
| 1602 | Exterior Wall Mount - Replace        | 20 | 5   | \$27,500         | \$1,375                         | 0.8700%  |
| 1604 | Pole Lights - Replace                | 20 | 2   | \$2,875          | \$144                           | 0.0910%  |
| 1701 | Irrigation System - Major Repairs    | 10 | 4   | \$11,250         | \$1,125                         | 0.7118%  |
| 1703 | Irrigation Timeclock - Replace       | 12 | 8   | \$1,350          | \$113                           | 0.0712%  |
| 1703 | Irrigation Timeclocks - Replace      | 12 | 0   | \$2,700          | \$225                           | 0.1424%  |

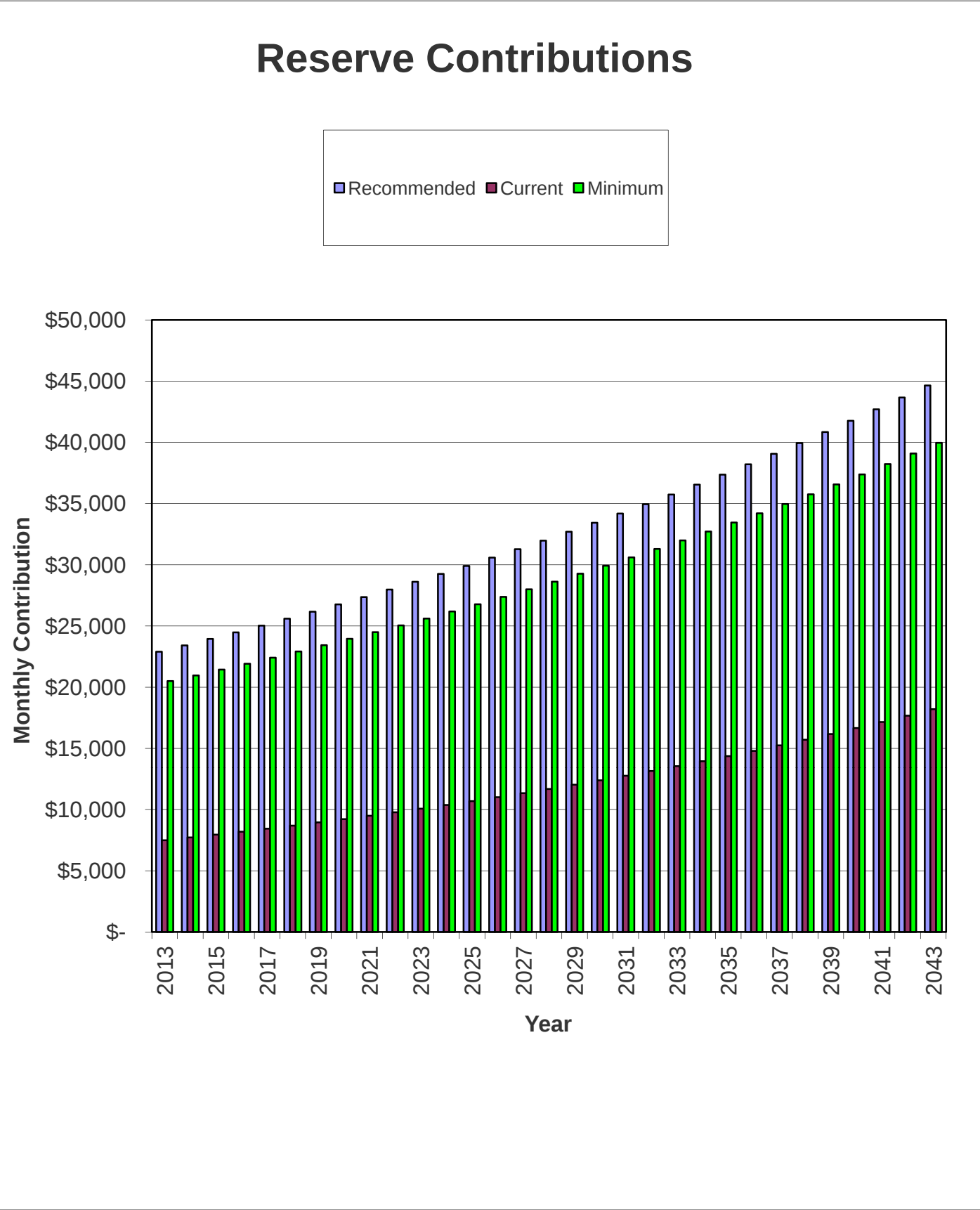
## Significant Components Graph For Centennial Owner's Association



| Asset ID  | Asset Name                                            | UL | RUL | Average<br>Curr. Cost | Significance:<br>(Curr Cost/UL) |      |
|-----------|-------------------------------------------------------|----|-----|-----------------------|---------------------------------|------|
|           |                                                       |    |     |                       | As \$                           | As % |
| 305       | Wood Siding - Replace                                 | 30 | 0   | \$1,468,403           | \$48,947                        | 31%  |
| 610       | Steel Stairs/Landings - Replace                       | 40 | 11  | \$974,180             | \$24,355                        | 15%  |
| 108       | Standing Seam Metal Roof - Replace                    | 35 | 5   | \$763,400             | \$21,811                        | 14%  |
| 204       | Building Ext Surfaces - Repaint                       | 5  | 0   | \$63,250              | \$12,650                        | 8%   |
| All Other | See Expanded Table on Page 4 For Additional Breakdown |    |     |                       | \$50,291                        | 32%  |

## Yearly Summary For Centennial Owner's Association

| <b>Fiscal<br/>Year Start</b> | <b>Fully Funded<br/>Balance</b> | <b>Starting<br/>Reserve<br/>Balance</b> | <b>Percent<br/>Funded</b> | <b>Annual<br/>Reserve<br/>Contribs</b> | <b>Rec.<br/>Special<br/>Ass'mnt</b> | <b>Interest<br/>Income</b> | <b>Reserve<br/>Expenses</b> |
|------------------------------|---------------------------------|-----------------------------------------|---------------------------|----------------------------------------|-------------------------------------|----------------------------|-----------------------------|
| 2013                         | \$3,301,170                     | \$500,455                               | 15%                       | \$274,800                              | \$1,250,000                         | \$37,709                   | \$1,655,260                 |
| 2014                         | \$1,876,121                     | \$407,704                               | 22%                       | \$280,983                              | \$0                                 | \$19,498                   | \$0                         |
| 2015                         | \$2,122,117                     | \$708,185                               | 33%                       | \$287,305                              | \$0                                 | \$28,726                   | \$88,367                    |
| 2016                         | \$2,292,888                     | \$935,849                               | 41%                       | \$293,769                              | \$0                                 | \$37,706                   | \$45,163                    |
| 2017                         | \$2,522,534                     | \$1,222,161                             | 48%                       | \$300,379                              | \$0                                 | \$46,714                   | \$117,890                   |
| 2018                         | \$2,693,126                     | \$1,451,365                             | 54%                       | \$307,138                              | \$0                                 | \$38,224                   | \$1,060,459                 |
| 2019                         | \$1,897,962                     | \$736,268                               | 39%                       | \$314,048                              | \$0                                 | \$29,223                   | \$143,313                   |
| 2020                         | \$2,032,822                     | \$936,226                               | 46%                       | \$321,115                              | \$0                                 | \$38,040                   | \$54,480                    |
| 2021                         | \$2,273,782                     | \$1,240,901                             | 55%                       | \$328,340                              | \$0                                 | \$47,629                   | \$131,892                   |
| 2022                         | \$2,452,525                     | \$1,484,977                             | 61%                       | \$335,727                              | \$0                                 | \$57,770                   | \$57,146                    |
| 2023                         | \$2,725,151                     | \$1,821,329                             | 67%                       | \$343,281                              | \$0                                 | \$68,447                   | \$137,034                   |
| 2024                         | \$2,934,958                     | \$2,096,023                             | 71%                       | \$351,005                              | \$0                                 | \$54,121                   | \$1,499,705                 |
| 2025                         | \$1,745,711                     | \$1,001,444                             | 57%                       | \$358,903                              | \$0                                 | \$39,991                   | \$113,029                   |
| 2026                         | \$1,961,160                     | \$1,287,308                             | 66%                       | \$366,978                              | \$0                                 | \$52,312                   | \$0                         |
| 2027                         | \$2,313,303                     | \$1,706,598                             | 74%                       | \$375,235                              | \$0                                 | \$66,122                   | \$70,263                    |
| 2028                         | \$2,617,407                     | \$2,077,692                             | 79%                       | \$383,678                              | \$0                                 | \$74,645                   | \$341,625                   |
| 2029                         | \$2,662,843                     | \$2,194,389                             | 82%                       | \$392,310                              | \$0                                 | \$83,691                   | \$74,961                    |
| 2030                         | \$2,999,269                     | \$2,595,429                             | 87%                       | \$401,137                              | \$0                                 | \$99,445                   | \$0                         |
| 2031                         | \$3,439,427                     | \$3,096,012                             | 90%                       | \$410,163                              | \$0                                 | \$115,349                  | \$115,877                   |
| 2032                         | \$3,789,486                     | \$3,505,647                             | 93%                       | \$419,392                              | \$0                                 | \$132,143                  | \$0                         |
| 2033                         | \$4,287,380                     | \$4,057,182                             | 95%                       | \$428,828                              | \$0                                 | \$145,922                  | \$337,701                   |
| 2034                         | \$4,467,832                     | \$4,294,231                             | 96%                       | \$438,477                              | \$0                                 | \$158,903                  | \$91,493                    |
| 2035                         | \$4,925,967                     | \$4,800,118                             | 97%                       | \$448,342                              | \$0                                 | \$175,255                  | \$193,622                   |
| 2036                         | \$5,311,194                     | \$5,230,094                             | 98%                       | \$458,430                              | \$0                                 | \$194,171                  | \$0                         |
| 2037                         | \$5,928,780                     | \$5,882,695                             | 99%                       | \$468,745                              | \$0                                 | \$211,578                  | \$336,684                   |
| 2038                         | \$6,237,125                     | \$6,226,334                             | 100%                      | \$479,291                              | \$0                                 | \$225,080                  | \$275,248                   |
| 2039                         | \$6,638,550                     | \$6,655,458                             | 100%                      | \$490,075                              | \$0                                 | \$241,220                  | \$236,734                   |
| 2040                         | \$7,113,614                     | \$7,150,019                             | 101%                      | \$501,102                              | \$0                                 | \$261,157                  | \$115,767                   |
| 2041                         | \$7,751,715                     | \$7,796,511                             | 101%                      | \$512,377                              | \$0                                 | \$281,343                  | \$284,944                   |
| 2042                         | \$8,258,355                     | \$8,305,286                             | 101%                      | \$523,905                              | \$0                                 | \$304,711                  | \$0                         |



## Component Funding Information For Centennial Owner's Association

| ID   | Component Name                       | Ave<br>Current<br>Cost | Future Cost | Ideal<br>Balance | Current<br>Fund<br>Balance | Monthly    |
|------|--------------------------------------|------------------------|-------------|------------------|----------------------------|------------|
| 108  | Standing Seam Metal Roof - Replace   | \$763,400              | \$928,793   | \$654,343        | \$0                        | \$3,160.21 |
| 204  | Building Ext Surfaces - Repaint      | \$63,250               | \$76,953    | \$63,250         | \$63,250                   | \$1,832.83 |
| 207  | Railings - Repaint                   | \$6,193                | \$7,244     | \$6,193          | \$6,193                    | \$224.30   |
| 214  | Parking Stops - Replace              | \$3,510                | \$6,321     | \$3,510          | \$3,510                    | \$33.90    |
| 305  | Wood Siding - Replace                | \$1,468,403            | \$4,762,613 | \$1,468,403      | \$427,503                  | \$7,091.79 |
| 401  | Asphalt - Overlay                    | \$82,783               | \$149,087   | \$31,043         | \$0                        | \$499.76   |
| 402  | Asphalt - Seal Coat/crack fill       | \$7,098                | \$8,303     | \$7,098          | \$0                        | \$257.09   |
| 407  | Curb and Gutters - Repair            | \$3,423                | \$4,004     | \$3,423          | \$0                        | \$123.97   |
| 502  | Rollup Doors - Replace               | \$41,400               | \$54,480    | \$33,120         | \$0                        | \$171.38   |
| 601  | Concrete Sidewalks/Decks - Repair    | \$23,310               | \$27,269    | \$23,310         | \$0                        | \$844.33   |
| 602  | Lower Rear Decks - Replace (Phase 1) | \$49,500               | \$108,461   | \$49,500         | \$0                        | \$358.60   |
| 603  | Lower Rear Decks - Replace (Phase 2) | \$49,500               | \$53,539    | \$44,550         | \$0                        | \$358.60   |
| 604  | Lower Rear Decks - Replace (Phase 3) | \$49,500               | \$57,908    | \$39,600         | \$0                        | \$358.60   |
| 605  | Lower Rear Decks - Replace (Phase 4) | \$49,500               | \$62,633    | \$34,650         | \$0                        | \$358.60   |
| 606  | Lower Rear Decks - Replace (Phase 5) | \$55,000               | \$75,271    | \$33,000         | \$0                        | \$398.44   |
| 607  | Upper Rear Decks - Major Repairs     | \$29,325               | \$31,718    | \$14,663         | \$0                        | \$1,062.21 |
| 608  | Community Decking - Reseal           | \$27,875               | \$31,356    | \$27,875         | \$0                        | \$1,346.25 |
| 609  | Unit Landings - Major Repairs        | \$12,275               | \$13,808    | \$6,138          | \$0                        | \$296.42   |
| 610  | Steel Stairs/Landings - Replace      | \$974,180              | \$1,499,705 | \$706,281        | \$0                        | \$3,528.67 |
| 803  | Mailboxes - Replace                  | \$6,563                | \$8,304     | \$4,594          | \$0                        | \$47.54    |
| 1001 | Rail - Replace                       | \$4,970                | \$6,047     | \$4,142          | \$0                        | \$24.00    |
| 1010 | Trash Enclosures - Rebuild           | \$12,500               | \$15,208    | \$9,375          | \$0                        | \$90.55    |
| 1602 | Exterior Wall Mount - Replace        | \$27,500               | \$33,458    | \$20,625         | \$0                        | \$199.22   |
| 1604 | Pole Lights - Replace                | \$2,875                | \$3,110     | \$2,588          | \$0                        | \$20.83    |
| 1701 | Irrigation System - Major Repairs    | \$11,250               | \$13,161    | \$6,750          | \$0                        | \$163.00   |
| 1703 | Irrigation Timeclock - Replace       | \$1,350                | \$1,848     | \$450            | \$0                        | \$16.30    |
| 1703 | Irrigation Timeclocks - Replace      | \$2,700                | \$4,323     | \$2,700          | \$0                        | \$32.60    |

## Yearly Cash Flow For Centennial Owner's Association

| Year                        | 2013        | 2014      | 2015        | 2016        | 2017        |
|-----------------------------|-------------|-----------|-------------|-------------|-------------|
| <b>Starting Balance</b>     | \$500,455   | \$407,704 | \$708,185   | \$935,849   | \$1,222,161 |
| <i>Reserve Income</i>       | \$274,800   | \$280,983 | \$287,305   | \$293,769   | \$300,379   |
| <i>Interest Earnings</i>    | \$37,709    | \$19,498  | \$28,726    | \$37,706    | \$46,714    |
| <i>Special Assessments</i>  | \$1,250,000 | \$0       | \$0         | \$0         | \$0         |
| <b>Funds Available</b>      | \$2,062,964 | \$708,185 | \$1,024,216 | \$1,267,325 | \$1,569,255 |
| <b>Reserve Expenditures</b> | \$1,655,260 | \$0       | \$88,367    | \$45,163    | \$117,890   |
| <b>Ending Balance</b>       | \$407,704   | \$708,185 | \$935,849   | \$1,222,161 | \$1,451,365 |

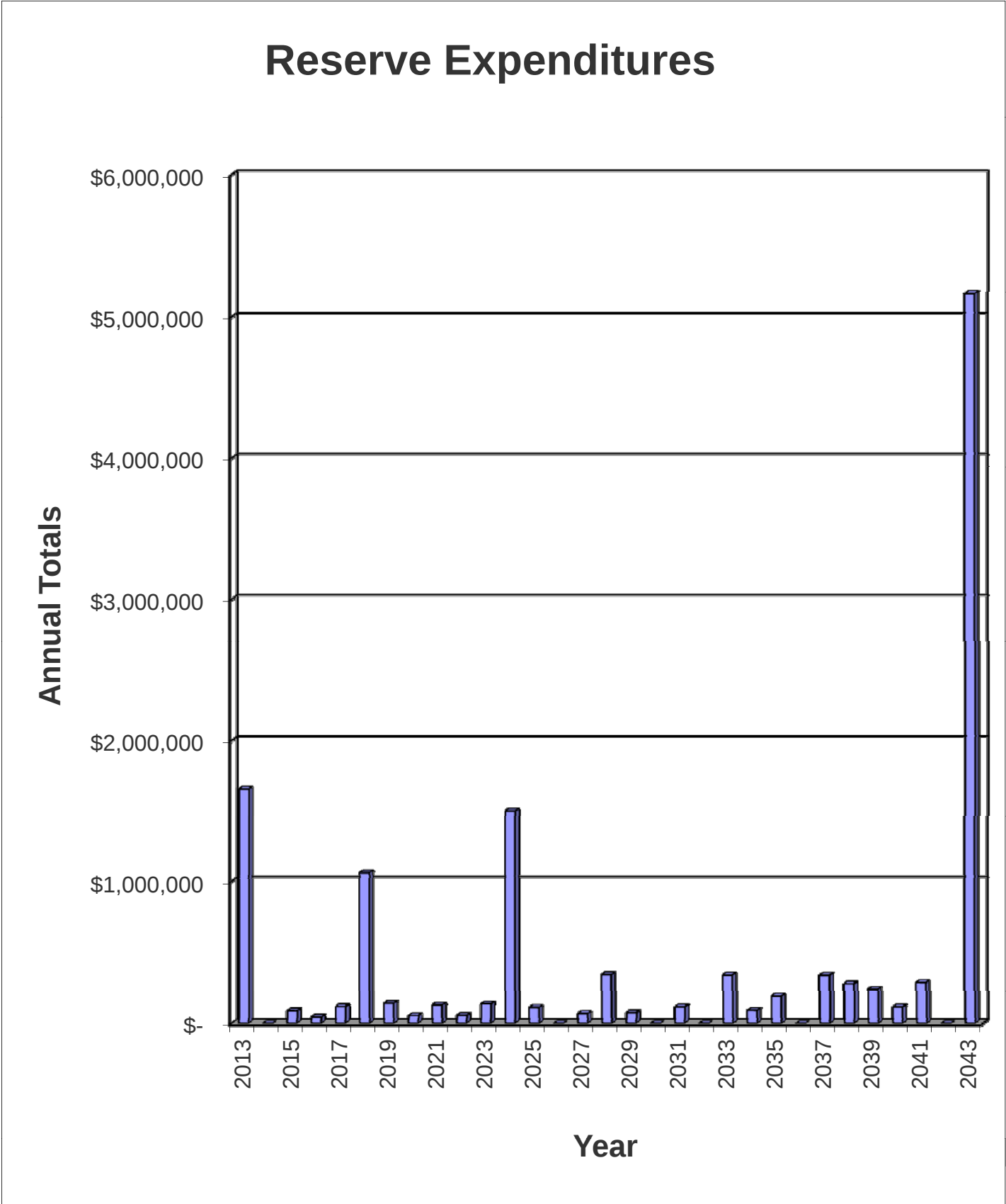
| Year                        | 2018        | 2019        | 2020        | 2021        | 2022        |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Starting Balance</b>     | \$1,451,365 | \$736,268   | \$936,226   | \$1,240,901 | \$1,484,977 |
| <i>Reserve Income</i>       | \$307,138   | \$314,048   | \$321,115   | \$328,340   | \$335,727   |
| <i>Interest Earnings</i>    | \$38,224    | \$29,223    | \$38,040    | \$47,629    | \$57,770    |
| <i>Special Assessments</i>  | \$0         | \$0         | \$0         | \$0         | \$0         |
| <b>Funds Available</b>      | \$1,796,727 | \$1,079,539 | \$1,295,381 | \$1,616,870 | \$1,878,475 |
| <b>Reserve Expenditures</b> | \$1,060,459 | \$143,313   | \$54,480    | \$131,892   | \$57,146    |
| <b>Ending Balance</b>       | \$736,268   | \$936,226   | \$1,240,901 | \$1,484,977 | \$1,821,329 |

| Year                        | 2023        | 2024        | 2025        | 2026        | 2027        |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Starting Balance</b>     | \$1,821,329 | \$2,096,023 | \$1,001,444 | \$1,287,308 | \$1,706,598 |
| <i>Reserve Income</i>       | \$343,281   | \$351,005   | \$358,903   | \$366,978   | \$375,235   |
| <i>Interest Earnings</i>    | \$68,447    | \$54,121    | \$39,991    | \$52,312    | \$66,122    |
| <i>Special Assessments</i>  | \$0         | \$0         | \$0         | \$0         | \$0         |
| <b>Funds Available</b>      | \$2,233,057 | \$2,501,149 | \$1,400,337 | \$1,706,598 | \$2,147,955 |
| <b>Reserve Expenditures</b> | \$137,034   | \$1,499,705 | \$113,029   | \$0         | \$70,263    |
| <b>Ending Balance</b>       | \$2,096,023 | \$1,001,444 | \$1,287,308 | \$1,706,598 | \$2,077,692 |

| Year                        | 2028        | 2029        | 2030        | 2031        | 2032        |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Starting Balance</b>     | \$2,077,692 | \$2,194,389 | \$2,595,429 | \$3,096,012 | \$3,505,647 |
| <i>Reserve Income</i>       | \$383,678   | \$392,310   | \$401,137   | \$410,163   | \$419,392   |
| <i>Interest Earnings</i>    | \$74,645    | \$83,691    | \$99,445    | \$115,349   | \$132,143   |
| <i>Special Assessments</i>  | \$0         | \$0         | \$0         | \$0         | \$0         |
| <b>Funds Available</b>      | \$2,536,015 | \$2,670,391 | \$3,096,012 | \$3,621,524 | \$4,057,182 |
| <b>Reserve Expenditures</b> | \$341,625   | \$74,961    | \$0         | \$115,877   | \$0         |
| <b>Ending Balance</b>       | \$2,194,389 | \$2,595,429 | \$3,096,012 | \$3,505,647 | \$4,057,182 |

| Year                        | 2033        | 2034        | 2035        | 2036        | 2037        |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Starting Balance</b>     | \$4,057,182 | \$4,294,231 | \$4,800,118 | \$5,230,094 | \$5,882,695 |
| <i>Reserve Income</i>       | \$428,828   | \$438,477   | \$448,342   | \$458,430   | \$468,745   |
| <i>Interest Earnings</i>    | \$145,922   | \$158,903   | \$175,255   | \$194,171   | \$211,578   |
| <i>Special Assessments</i>  | \$0         | \$0         | \$0         | \$0         | \$0         |
| <b>Funds Available</b>      | \$4,631,933 | \$4,891,611 | \$5,423,716 | \$5,882,695 | \$6,563,017 |
| <b>Reserve Expenditures</b> | \$337,701   | \$91,493    | \$193,622   | \$0         | \$336,684   |
| <b>Ending Balance</b>       | \$4,294,231 | \$4,800,118 | \$5,230,094 | \$5,882,695 | \$6,226,334 |

| Year                        | 2038        | 2039        | 2040        | 2041        | 2042        |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Starting Balance</b>     | \$6,226,334 | \$6,655,458 | \$7,150,019 | \$7,796,511 | \$8,305,286 |
| <i>Reserve Income</i>       | \$479,291   | \$490,075   | \$501,102   | \$512,377   | \$523,905   |
| <i>Interest Earnings</i>    | \$225,080   | \$241,220   | \$261,157   | \$281,343   | \$304,711   |
| <i>Special Assessments</i>  | \$0         | \$0         | \$0         | \$0         | \$0         |
| <b>Funds Available</b>      | \$6,930,706 | \$7,386,753 | \$7,912,278 | \$8,590,230 | \$9,133,902 |
| <b>Reserve Expenditures</b> | \$275,248   | \$236,734   | \$115,767   | \$284,944   | \$0         |
| <b>Ending Balance</b>       | \$6,655,458 | \$7,150,019 | \$7,796,511 | \$8,305,286 | \$9,133,902 |



## Projected Reserve Expenditures For Centennial Owner's Association

| Year | Asset ID | Asset Name                           | Projected Cost | Total Per Annum |
|------|----------|--------------------------------------|----------------|-----------------|
| 2013 | 204      | Building Ext Surfaces - Repaint      | \$63,250       |                 |
|      | 207      | Railings - Repaint                   | \$6,193        |                 |
|      | 214      | Parking Stops - Replace              | \$3,510        |                 |
|      | 305      | Wood Siding - Replace                | \$1,468,403    |                 |
|      | 402      | Asphalt - Seal Coat/crack fill       | \$7,098        |                 |
|      | 407      | Curb and Gutters - Repair            | \$3,423        |                 |
|      | 601      | Concrete Sidewalks/Decks - Repair    | \$23,310       |                 |
|      | 602      | Lower Rear Decks - Replace (Phase 1) | \$49,500       |                 |
|      | 608      | Community Decking - Reseal           | \$27,875       |                 |
|      | 1703     | Irrigation Timeclocks - Replace      | \$2,700        | \$1,655,260     |
| 2014 |          | No Expenditures Projected            |                | \$0             |
| 2015 | 603      | Lower Rear Decks - Replace (Phase 2) | \$53,539       |                 |
|      | 607      | Upper Rear Decks - Major Repairs     | \$31,718       |                 |
|      | 1604     | Pole Lights - Replace                | \$3,110        | \$88,367        |
| 2016 | 608      | Community Decking - Reseal           | \$31,356       |                 |
|      | 609      | Unit Landings - Major Repairs        | \$13,808       | \$45,163        |
| 2017 | 207      | Railings - Repaint                   | \$7,244        |                 |
|      | 402      | Asphalt - Seal Coat/crack fill       | \$8,303        |                 |
|      | 407      | Curb and Gutters - Repair            | \$4,004        |                 |
|      | 601      | Concrete Sidewalks/Decks - Repair    | \$27,269       |                 |
|      | 604      | Lower Rear Decks - Replace (Phase 3) | \$57,908       |                 |
|      | 1701     | Irrigation System - Major Repairs    | \$13,161       | \$117,890       |
| 2018 | 108      | Standing Seam Metal Roof - Replace   | \$928,793      |                 |
|      | 204      | Building Ext Surfaces - Repaint      | \$76,953       |                 |
|      | 1001     | Rail - Replace                       | \$6,047        |                 |
|      | 1010     | Trash Enclosures - Rebuild           | \$15,208       |                 |
|      | 1602     | Exterior Wall Mount - Replace        | \$33,458       | \$1,060,459     |
| 2019 | 605      | Lower Rear Decks - Replace (Phase 4) | \$62,633       |                 |
|      | 607      | Upper Rear Decks - Major Repairs     | \$37,105       |                 |
|      | 608      | Community Decking - Reseal           | \$35,271       |                 |
|      | 803      | Mailboxes - Replace                  | \$8,304        | \$143,313       |
| 2020 | 502      | Rollup Doors - Replace               | \$54,480       | \$54,480        |
| 2021 | 207      | Railings - Repaint                   | \$8,475        |                 |
|      | 402      | Asphalt - Seal Coat/crack fill       | \$9,713        |                 |
|      | 407      | Curb and Gutters - Repair            | \$4,684        |                 |
|      | 601      | Concrete Sidewalks/Decks - Repair    | \$31,901       |                 |
|      | 606      | Lower Rear Decks - Replace (Phase 5) | \$75,271       |                 |
|      | 1703     | Irrigation Timeclock - Replace       | \$1,848        | \$131,892       |
| 2022 | 608      | Community Decking - Reseal           | \$39,675       |                 |
|      | 609      | Unit Landings - Major Repairs        | \$17,471       | \$57,146        |
| 2023 | 204      | Building Ext Surfaces - Repaint      | \$93,625       |                 |
|      | 607      | Upper Rear Decks - Major Repairs     | \$43,408       | \$137,034       |
| 2024 | 610      | Steel Stairs/Landings - Replace      | \$1,499,705    | \$1,499,705     |
| 2025 | 207      | Railings - Repaint                   | \$9,914        |                 |
|      | 402      | Asphalt - Seal Coat/crack fill       | \$11,363       |                 |
|      | 407      | Curb and Gutters - Repair            | \$5,480        |                 |
|      | 601      | Concrete Sidewalks/Decks - Repair    | \$37,320       |                 |
|      | 608      | Community Decking - Reseal           | \$44,629       |                 |
|      | 1703     | Irrigation Timeclocks - Replace      | \$4,323        | \$113,029       |
| 2026 |          | No Expenditures Projected            |                | \$0             |
| 2027 | 607      | Upper Rear Decks - Major Repairs     | \$50,781       |                 |
|      | 1701     | Irrigation System - Major Repairs    | \$19,481       | \$70,263        |
| 2028 | 204      | Building Ext Surfaces - Repaint      | \$113,910      |                 |

| Year | Asset ID | Asset Name                           | Projected Cost | Total Per Annum |
|------|----------|--------------------------------------|----------------|-----------------|
|      | 214      | Parking Stops - Replace              | \$6,321        |                 |
|      | 401      | Asphalt - Overlay                    | \$149,087      |                 |
|      | 608      | Community Decking - Reseal           | \$50,201       |                 |
|      | 609      | Unit Landings - Major Repairs        | \$22,107       | \$341,625       |
| 2029 | 207      | Railings - Repaint                   | \$11,598       |                 |
|      | 402      | Asphalt - Seal Coat/crack fill       | \$13,293       |                 |
|      | 407      | Curb and Gutters - Repair            | \$6,410        |                 |
|      | 601      | Concrete Sidewalks/Decks - Repair    | \$43,659       | \$74,961        |
| 2030 |          | No Expenditures Projected            |                | \$0             |
| 2031 | 607      | Upper Rear Decks - Major Repairs     | \$59,407       |                 |
|      | 608      | Community Decking - Reseal           | \$56,470       | \$115,877       |
| 2032 |          | No Expenditures Projected            |                | \$0             |
| 2033 | 204      | Building Ext Surfaces - Repaint      | \$138,589      |                 |
|      | 207      | Railings - Repaint                   | \$13,569       |                 |
|      | 402      | Asphalt - Seal Coat/crack fill       | \$15,551       |                 |
|      | 407      | Curb and Gutters - Repair            | \$7,499        |                 |
|      | 601      | Concrete Sidewalks/Decks - Repair    | \$51,075       |                 |
|      | 602      | Lower Rear Decks - Replace (Phase 1) | \$108,461      |                 |
|      | 1703     | Irrigation Timeclock - Replace       | \$2,958        | \$337,701       |
| 2034 | 608      | Community Decking - Reseal           | \$63,521       |                 |
|      | 609      | Unit Landings - Major Repairs        | \$27,972       | \$91,493        |
| 2035 | 603      | Lower Rear Decks - Replace (Phase 2) | \$117,311      |                 |
|      | 607      | Upper Rear Decks - Major Repairs     | \$69,498       |                 |
|      | 1604     | Pole Lights - Replace                | \$6,814        | \$193,622       |
| 2036 |          | No Expenditures Projected            |                | \$0             |
| 2037 | 207      | Railings - Repaint                   | \$15,873       |                 |
|      | 402      | Asphalt - Seal Coat/crack fill       | \$18,193       |                 |
|      | 407      | Curb and Gutters - Repair            | \$8,773        |                 |
|      | 601      | Concrete Sidewalks/Decks - Repair    | \$59,751       |                 |
|      | 604      | Lower Rear Decks - Replace (Phase 3) | \$126,884      |                 |
|      | 608      | Community Decking - Reseal           | \$71,452       |                 |
|      | 1701     | Irrigation System - Major Repairs    | \$28,837       |                 |
|      | 1703     | Irrigation Timeclocks - Replace      | \$6,921        | \$336,684       |
| 2038 | 204      | Building Ext Surfaces - Repaint      | \$168,614      |                 |
|      | 1010     | Trash Enclosures - Rebuild           | \$33,323       |                 |
|      | 1602     | Exterior Wall Mount - Replace        | \$73,310       | \$275,248       |
| 2039 | 605      | Lower Rear Decks - Replace (Phase 4) | \$137,237      |                 |
|      | 607      | Upper Rear Decks - Major Repairs     | \$81,303       |                 |
|      | 803      | Mailboxes - Replace                  | \$18,194       | \$236,734       |
| 2040 | 608      | Community Decking - Reseal           | \$80,374       |                 |
|      | 609      | Unit Landings - Major Repairs        | \$35,393       | \$115,767       |
| 2041 | 207      | Railings - Repaint                   | \$18,569       |                 |
|      | 402      | Asphalt - Seal Coat/crack fill       | \$21,283       |                 |
|      | 407      | Curb and Gutters - Repair            | \$10,263       |                 |
|      | 601      | Concrete Sidewalks/Decks - Repair    | \$69,900       |                 |
|      | 606      | Lower Rear Decks - Replace (Phase 5) | \$164,929      | \$284,944       |
| 2042 |          | No Expenditures Projected            |                | \$0             |
| 2043 | 204      | Building Ext Surfaces - Repaint      | \$205,145      |                 |
|      | 214      | Parking Stops - Replace              | \$11,384       |                 |
|      | 305      | Wood Siding - Replace                | \$4,762,613    |                 |
|      | 607      | Upper Rear Decks - Major Repairs     | \$95,113       |                 |
|      | 608      | Community Decking - Reseal           | \$90,410       | \$5,164,665     |

## **Glossary of Commonly used Words and Phrases** (provided by the National Reserve Study Standards of the Community Associations Institute)

**Asset or Component** – Individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association Responsibility, 2) with limited Useful Life expectancies, 3) have predictable Remaining Life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

**Cash Flow Method** – A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

**Component Inventory** – The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

**Deficit** – An actual (or projected) Reserve Balance, which is less than the Fully Funded Balance.

**Effective Age** – The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

**Financial Analysis** – The portion of the Reserve Study where current status of the Reserves (Measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of the Reserve Study.

**Component Full Funding** – When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

**Fully Fund Balance (aka – Ideal Balance)** – An indicator against which Actual (or projected) Reserve Balance can be compared. The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, and then summed together for an association total.

$$\text{FFB} = \text{Replacement Cost} \times \text{Effective Age} / \text{Useful Life}$$

**Fund Status** – The status of the Reserve Fund as compared to an established benchmark, such as percent funding.

**Funding Goals** – Independent of methodology utilized, the following represent the basic categories of Funding Plan Goals.

- **Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve Balance above zero.
- **Component Full Funding:** Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100% funded.
- **Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than the “Component Fully Funding” method.

**Funding Plan** – An associations plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

**Funding Principles** –

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

**Life and Valuation Estimates** – The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

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

**Physical Analysis** – The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

**Remaining Useful Life (RUL)** – Also referred to as “Remaining Life” (RL). The estimated time, in years, that a reserve component can be expected to *continue* to serve its intended function. Projects anticipated to occur in the initial year have “0” Remaining Useful Life.

**Replacement Cost** – The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

**Reserve Balance** – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components in which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. This is based upon information provided and is not audited.

**Reserve Provider** – An individual that prepares Reserve Studies. Also known as **Aspen Reserve Specialties**.

**Reserve Study** – A budget-planning tool that identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

**Special Assessment** – An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

**Surplus** – An actual (or projected) Reserve Balance that is greater than the Fully Funded Balance.

**Useful Life (UL)** – Also known as “Life Expectancy”, or “Depreciable Life”. The estimated time, in years, that a Reserve component can be expected to serve its intended function if properly constructed and maintained in its present application or installation.