

**The Townes at Kettle Creek Owner's Association**  
**3095 Ironton Creek Point**  
**Colorado Springs, CO 80908**



**Level 1 Reserve Analysis**

**Report Period – 01/01/08 – 12/31/08**

**Client Reference Number - 7695**  
**Property Type – Townhomes**  
**Number of Units – 82**  
**Fiscal Year End – December 31**

**Final  
Version**

**Date of Property Inspection – March 10, 2008**  
**Report Prepared by – G. Michael Kelsen**  
**Property Inspected by - G. Michael Kelsen & Ryan Longhenry**  
**Main Contact Person - Mr. Jason McIntyre, Community Manager**

**Report was prepared on - Friday, June 13, 2008**

# Table of Contents

## SECTION 1:

<b>Introduction to Reserve Analysis</b> -----	page 1
<b>General Information and Answers to FAQ's</b> -----	pages 2 - 3
<b>Summary of Reserve Analysis</b> -----	page 4

## SECTION 2:

<b>Physical Analysis (Photographic)</b> -----	pages 1 - 31
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## SECTION 3:

### **Financial Analysis**

a) Funding Summary-----	page 1
b) Percent Funded – Graph-----	page 2
c) Asset Inventory List-----	page 3
d) Significant Components Table-----	page 4
e) Significant Components – Graph-----	page 5
f) Yearly Summary Table-----	page 6
g) Yearly Contributions – Graph-----	page 7
h) Component Funding Information-----	page 8
i) Yearly Cash Flow Table-----	page 9
j) Projected Expenditures Year by Year – Graph -----	page 10
k) Projected Expenditures Year by Year -----	pages 11, 12

## SECTION 4:

<b>Glossary of Terms and Definitions</b> -----	pages 1 - 2
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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 inspection. 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 also been excluded from 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 judgement 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 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. Deterioration 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 inspection should be conducted at least once every three years.

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

The Government requires reserve analyses in approximately 20 states. Even if it is not currently governed by your state, the chances are very good that the documents of the association require the association to have a Reserve fund established. This doesn't mean a Reserve Analysis is required, but how are you going to know you have enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think that \$50,000 is a lot of money and they are in good shape. What they don't know is that the roof is going to need to be replaced within 5 years, and the cost of the roof is going to exceed \$75,000. So while \$50,000 sounds like a lot of money, in reality it won't even cover the cost of a roof, let alone all the other amenities the association is responsible to maintain.



## What 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 Inspection –

The Property Inspection was conducted following a review of the documents that were established by the developer identifying all common area assets. In some cases, the Board of Directors at some point may have revised the documents. In either case, the most current set of documents was reviewed prior to inspecting the property. In addition, common area assets may have been reported to 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 inspection. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the inspection. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property.

## 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 Townes at Kettle Creek O.A. -****Association ID # - 7695**

Projected Starting Balance as of April 1, 2008 -	<b>\$6,000</b>
Ideal Reserve Balance as of January 1, 2008 -	<b>\$53,606</b>
Percent Funded as of January 1, 2008 -	<b>11%</b>
Recommended Reserve Allocation (per month) -	<b>\$3,000 (rest of 2008)</b>
Recommended Reserve Allocation (per month) -	<b>\$4,725 (starting 2009)</b>
Minimum Reserve Allocation (per month) -	<b>\$4,175 (starting 2009)</b>
Recommended Special Assessment -	<b>\$0</b>

Information to complete this Reserve Analysis was gathered during a property inspection of the common area elements on March 10, 2008. In addition, we obtained information by contacting local vendors and contractors that have been involved in constructing the community, as well as communicating with the property representative (Property Manager). 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 will contain 82 units among 14 buildings once construction of the community is completed later this year. All, but one of the buildings contain 6 units each with the other building only containing 4 units. The foot print of each building is similar, but there are 3 different elevations (stucco, siding/brick, all siding). Common area elements include common streets and parking, perimeter fencing, mailboxes, an entrance monument, landscaping, and building exterior surfaces. Since the community is new, there have not been any reported Reserve projects completed recently. The only Reserve projects projected for the next couple years is seal coating the asphalt and repairing some of the concrete drive areas (probably should be done once the majority of the construction is completed).

In comparing the projected balance of \$6,000 versus the ideal Reserve Balance of \$53,606, we find the association Reserve fund to be in a less than ideal financial position at this point in time (approximately 11% funded of ideal). Most associations in this position are susceptible to Special Assessments and deferred maintenance. However, since this property is still young in age, there is plenty of time to strengthen the Reserve fund before major projects are addressed. In order to increase the strength of the Reserve funds and properly prepare for future expenses, we find it necessary to recommend a moderate increase to the Reserve contribution starting with the 2009 fiscal year. As you will see on page one of the Financial Analysis section, the Reserve allocation should be increased to \$4,725 per month (representing an increase of approximately \$21.04 per unit per month), followed by nominal annual increases of 4.0% thereafter to help offset the effects of inflation. This funding plan will increase the Reserve fund to an ideal position (between 70% -100% funded) and the association will be able to maintain the property without the need of Special Assessments or deferred maintenance in the future.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$4,175 per month starting in 2009. 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 \$6.75 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 extremely minimal, and based on the risk involved, we strongly suggest the recommended Reserve Allocation is followed.



Comp #: 105 Comp Shingle Roof - Replace (1)



**Observations:**

Roofs are all new and in good condition with no significant signs of unusual wear. This roof appears to be a "30-year" rated shingle. Despite this rating, replacement typically needs to occur within 20 - 22 years due to weather elements such as hail, wind, and temperature fluctuations. It is not recommended that an overlay is applied when a roof needs to be replaced. With overlays, it may cause further damage from hailstones due to being a softer surface and wind due to uneven surfaces. Therefore, Reserve funding includes complete tear off and replacement. To ease budgeting concerns, and based on the when these buildings were built, we have split the property into 2 phases.

**Location:** Buildings rooftop

**Quantity:** Approx. 963 squares

**Life Expectancy:** 22 **Remaining Life:** 21

**Best Cost:** \$144,450

\$150/square; Estimate to remove and replace

**Worst Cost:** \$168,525

\$175/square; Higher estimate for better quality

**Source of Information:** Cost Database

**General Notes:**

building 10604-10634 Silverton Creek - 124 sq  
 building 10608-10638 Leadville Creek - 124 sq  
 building 10706-10736 Horseshoe Creek - 124 sq  
 building 10605-10633 Silverton Creek - 124 sq  
 building 10605-10635 Ouray Creek - 124 sq  
 building 10606-10636 Ouray Creek - 124 sq  
 building 3336-3306 Ironton Creek - 124 sq  
 model building - 93 sq

Comp #: 105 Comp Shingle Roof - Replace (2)

Picture Unavailable

Picture Unavailable

*Observations:*

These buildings have not been built yet. It is expected that construction of these buildings will be completed by the end of 2008. It is assumed similar quality roof materials will be installed on these roofs. Despite a "30-year" rated shingle, replacement typically needs to occur within 20 - 22 years due to weather elements such as hail, wind, and temperature fluctuations. It is not recommended that an overlay is applied when a roof needs to be replaced. With overlays, it may cause further damage from hailstones due to being a softer surface and wind due to uneven surfaces. Therefore, Reserve funding includes complete tear off and replacement.

*Location:* Buildings rooftop

*Quantity:* Approx. 745 squares

*Life Expectancy:* 22 *Remaining Life:* 22

*Best Cost:* \$111,600

\$150/square; Estimate to remove and replace

*Worst Cost:* \$130,200

\$175/square; Higher estimate for better quality

*Source of Information:* Cost Database

*General Notes:*

building on Gladstone Creek, "not built" - 124 sq  
building on Tincup Creek, "not built" -124 sq  
building on Tincup Creek, "not built"- 124 sq  
building on Crede Creek, "not built" - 124 sq  
building on Crede Creek, "not built" - 124 sq  
building on Ironton Creek, "not built" - 124 sq



Comp #: 120 Gutters/Downspouts - Replace (2)



**Observations:**

These buildings have not been built yet. It is expected that construction of these buildings will be completed by the end of 2008. It is assumed similar quality roof materials will be installed on these roofs. Typically, properties replace rain gutters and downspouts at the same time as roofing materials to ensure proper size for drainage. Due to large amount of gutters and downspouts, we recommend replacing this line item on the same cycle as the roofing.

**Location:** Buildings rooftops

**Quantity:** Approx. 3,620 LF

**Life Expectancy:** 22 **Remaining Life:** 21

**Best Cost:** \$14,480

\$4.00/LF; Estimate to replace

**Worst Cost:** \$16,290

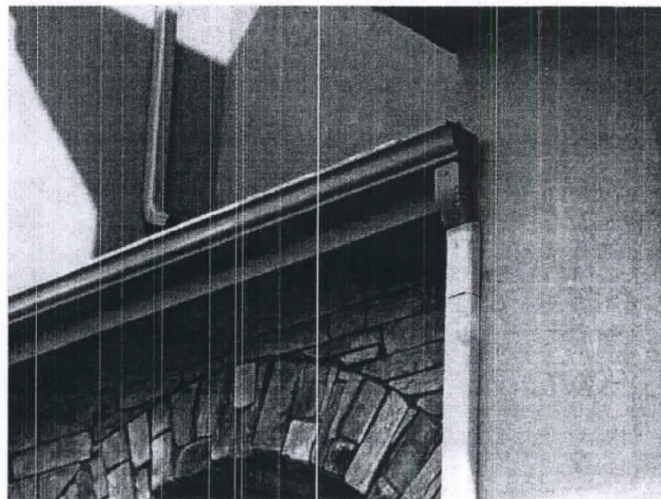
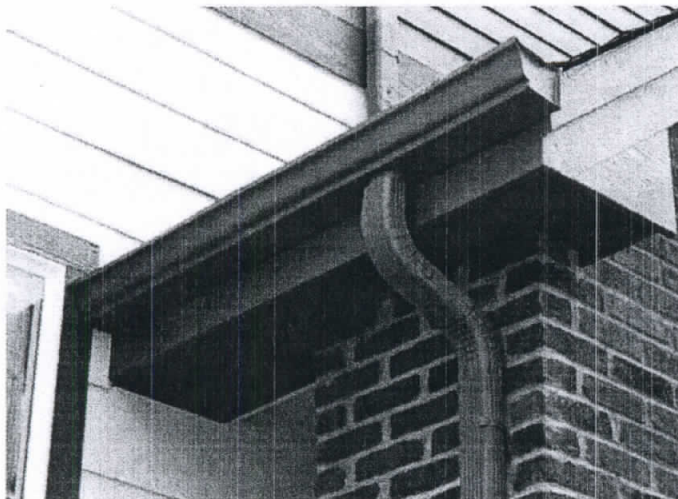
\$4.50/LF; Higher estimate for larger lines

**Source of Information:** Cost Database

**General Notes:**

building on Gladstone Creek, "not built" - 555 LF  
building on Tincup Creek, "not built" - 555 LF  
building on Tincup Creek, "not built" - 555 LF  
building on Crede Creek, "not built" - 555 LF  
building on Crede Creek, "not built" - 555 LF  
building on Ironton Creek, "not built" - 555 LF

Comp #: 120 Gutters/Downspouts - Replace (1)



*Observations:*

No unusual conditions of the rain gutters or downspouts were observed during inspection, since the areas are new. Typically, properties replace rain gutters and downspouts at the same time as roofing materials to ensure proper size for drainage. Due to large amount of gutters and downspouts, we recommend replacing this line item on the same cycle as the roofing. To ease budgeting concerns we have split the property into 2 phases.

*Location:* Buildings rooftops

*Quantity:* Approx. 4,175 LF

*Life Expectancy:* 22 *Remaining Life:* 21

*Best Cost:* \$16,700  
\$4.00/LF; Estimate to replace

*Worst Cost:* \$18,800  
\$4.50/LF: Higher estimate for larger lines

*Source of Information:* Cost Database

*General Notes:*

building 10604-10634 Silverton Creek - 555 LF  
building 10608-10638 Leadville Creek - 555 LF  
building 10706-10736 Horseshoe Creek - 555 LF  
building 10605-10633 Silverton Creek - 555 LF  
building 10605-10635 Ouray Creek - 555 LF  
building 10606-10636 Ouray Creek - 555 LF  
building 3336-3306 Ironton Creek - 555 LF  
model building - 290 LF



**Component Inventory for Townes at Kettle Creek Owner's Client Reference # 7695**

Comp #: 201 Stucco Surfaces - Repaint



**Observations:**

All but one of the buildings had been built and were in good condition with no unusual signs of deterioration. Stucco surfaces should typically be repainted approximately every 10 to 15 years to protect stucco surface and maintain appearance. Remaining life based on age and current condition. Painting is done as an alternative to re-applying the stucco for cost effectiveness. When stucco surfaces are painted, an elastomeric or acrylic paint should be used according to industry professionals.

**Location:** Building exteriors

**Quantity:** Approx. 28 units

**Life Expectancy:** 12 **Remaining Life:** 11

**Best Cost:** \$30,800

\$1100/unit; Estimate to repaint trim and siding

**Worst Cost:** \$36,400

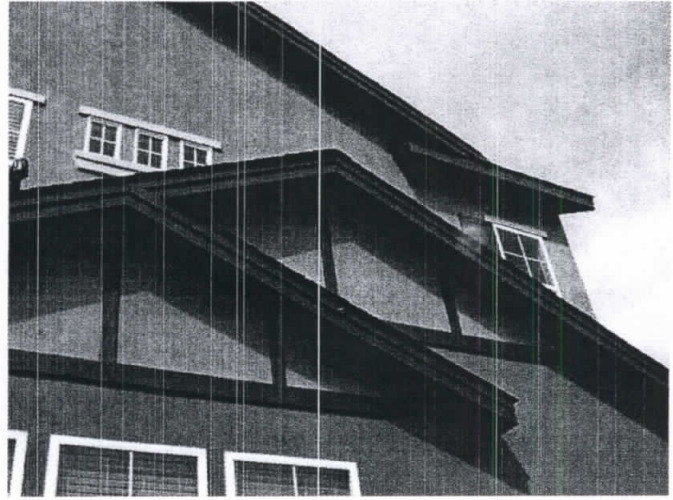
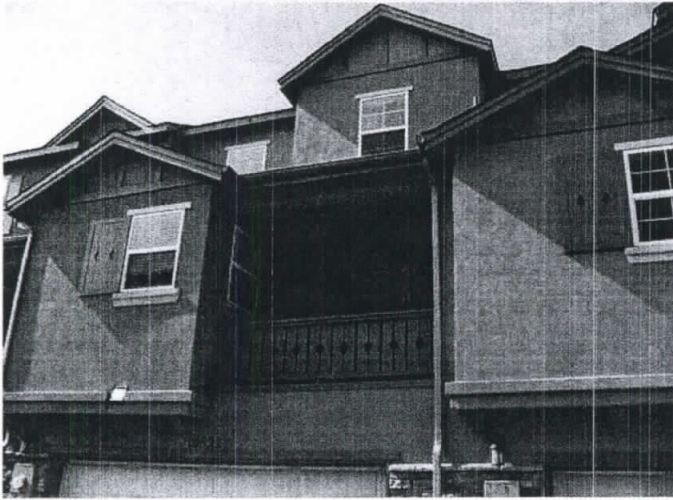
\$1300/unit; Higher estimate for more labor

**Source of Information:** Cost Database

**General Notes:**

building 10604-10634 Silverton Creek - 6 units  
building 10608-10638 Leadville Creek - 6 units  
building 10706-10736 Horseshoe Creek - 6 units  
building "not built" Tincup Creek - 6 units  
model building - 4 units

Comp #: 202 Wood Trim - Repaint



*Observations:*

No unusual conditions observed at time of inspection. All but one of the buildings that will have stucco have been constructed to date, so there should not be any signs of deterioration since buildings are new. In this climate, we recommend painting wood surfaces and trim every 3 - 5 years, depending on the quality of past paint applications. Since these are darker colors, a shorter life expectancy can be expected.

*Location:* Stucco buildings

*Quantity:* (28) Units

*Life Expectancy:* 4 *Remaining Life:* 3

*Best Cost:* \$17,500

\$625/unit; Estimate to repaint trim

*Worst Cost:* \$19,600

\$700/unit; Higher estimate for more prep work

*Source of Information:* Cost Database

*General Notes:*

building 10604-10634 Silverton Creek - 6 units  
building 10608-10638 Leadville Creek - 6 units  
building 10706-10736 Horseshoe Creek - 6 units  
building "not built" Tincup Creek - 6 units  
model building - 4 units



**Component Inventory for Townes at Kettle Creek Owner's Client Reference # 7695**

Comp #: 204 Building Ext Surfaces - Repaint (1)



**Observations:**

Majority of colors were still bright and vibrant at time of inspection. Darker colors (greens, reds, and browns) are subject to fading earlier than brighter and lighter colors (tan and light gray). The fiber cement product painting cycle ranges from 5 - 10 years due to the type of material. Due to the majority of the buildings being darker colors, in order to maintain the appearance of the property, we suggest painting every 6 years. We have split the property into two different painting cycles to spread out the expense and ease budgeting concerns. Areas should be touched up on an as needed basis between painting cycles to maintain the appearance of the community.

**Location:** Building exterior surfaces

**Quantity:** (24) units

**Life Expectancy:** 6 **Remaining Life:** 5

**Best Cost:** \$31,200

\$1300/unit; Average est to repaint trim and siding

**Worst Cost:** \$38,400

\$1600/unit; Higher estimate for more labor

**Source of Information:** Cost Database

**General Notes:**

building 10605-10633 Silverton Creek - 6 units  
building 10605-10635 Ouray Creek - 6 units  
building 10606-10636 Ouray Creek - 6 units  
building 3336-3306 Ironton Creek - 6 units

Comp #: 204 Building Ext Surfaces - Repaint (2)

Picture Unavailable

Picture Unavailable

*Observations:*

These buildings have not been built yet. It is expected that construction of these buildings will be completed by the end of 2008. The fiber cement product painting cycle ranges from 5 - 10 years due to the type of material. Due to the majority of the buildings being darker colors, in order to maintain the appearance of the property, we suggest painting every 6 years. We have split the property into two different painting cycles to spread out the expense and ease budgeting concerns. Areas should be touched up on an as needed basis between painting cycles to maintain the appearance of the community.

*Location:* Building exterior surfaces

*Quantity:* (30) units

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

*Best Cost:* \$39,000

\$1300/unit; Average est to repaint trim and siding

*Worst Cost:* \$4,800

\$1600/unit; Higher estimate for more labor

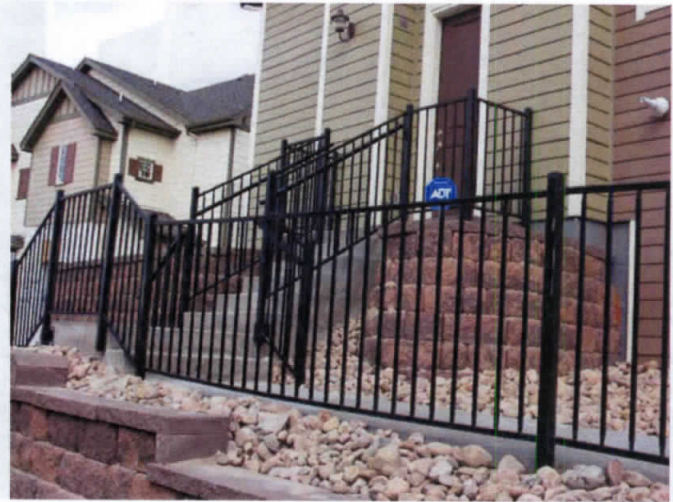
*Source of Information:* Cost Database

*General Notes:*

building on Gladstone Creek, "not built"- 6 units  
building on Tincup Creek, "not built" - 6 units  
building on Creede Creek, "not built" - 6 units  
building on Creede Creek, "not built" - 6 units  
building on Ironton Creek, "not built" - 6 units



Comp #: 207 Iron Fencing - Repaint



**Observations:**

All surfaces are relatively new and in good condition with no major signs of faded or dull paint. In this climate, we recommend repainting this component every 3 - 4 years to maintain appearance and protect metal surfaces. Remaining life based on age and current condition.

**Location:** Throughout community

**Quantity:** Approx. 2,970 LF

**Life Expectancy:** 4 **Remaining Life:** 3

**Best Cost:** \$8,900

\$3.00/LF; Estimate to repaint fence

**Worst Cost:** \$10,400

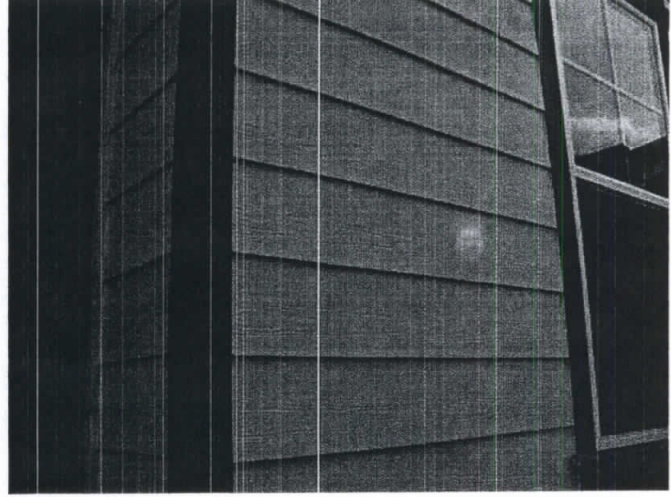
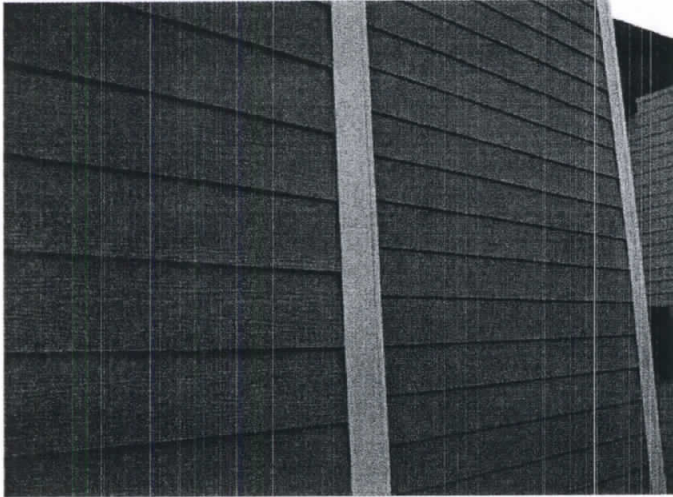
\$3.50/LF; Higher estimate

**Source of Information:** Cost Database

**General Notes:**

- building 10604-10634 Silverton Creek - 200 LF
- building 10608-10638 Leadville Creek - 250 LF
- building 10706-10736 Horseshoe Creek - 240 LF
- building 10605-10633 Silverton Creek - 35 LF
- building 10605-10635 Ouray Creek - N/A
- building 10606-10636 Ouray Creek - 245 LF
- building 3336-3306 Ironton Creek - 320 LF
- bldg on Gladstone Creek, "not built" - approx. 240 LF
- bldg on Tincup Creek, "not built" - approx. 240 LF
- bldg on Tincup Creek, "not built"- approx. 240 LF
- bldg on Crede Creek, "not built" - approx. 240 LF
- bldg on Crede Creek, "not built" - approx. 240 LF
- bldg on Ironton Creek, "not built" - approx. 240 LF
- model building - 235 LF

Comp #: 304 Fiber Cement Siding - Replace



*Observations:*

There were no major problems noted on the buildings that were finished. There were a few cracks noted on the corners of the pieces of siding. Any minor repairs can be performed as a maintenance issue as part of prep work before painting. According to the manufacturer of this product, this material has a 50+ year warranty against defects that will require replacement. Therefore, at this time, we do not suggest Reserving for replacement of siding or trim materials. If deterioration is observed in future years, there is plenty of time available to add to Reserves without substantially affecting the contribution rate. If replacement was needed, expect to spend approximately \$10.00/GSF or approximately \$1,325,800 at today's dollars (2008).

*Location:* Buildings exterior  
*Quantity:* Approx.132,580 GSF  
*Life Expectancy:* N/A *Remaining Life:*  
*Best Cost:* \$0  
  
*Worst Cost:* \$0

*General Notes:*

building 10605-10633 Silverton Creek - 14060 GSF  
 building 10605-10635 Ouray Creek - 14060 GSF  
 building on Gladstone Creek, "not built"- 14060 GSF  
 building on Tincup Creek, "not built" - 14060 GSF  
 building on Creede Creek, "not built" - 14060 GSF  
 building 10606-10636 Ouray Creek - 15570 GSF  
 building 3336-3306 Ironton Creek - 15570 GSF  
 building on Creede Creek, "not built" - 15570 GSF  
 building on Ironton Creek, "not built" - 15570 GSF

*Source of Information:*



Component Inventory for Townes at Kettle Creek Owner's Client Reference # 7695

Comp #: 306 Brick - Replace



Observations:

Bricks appeared to be attached to the sides of the building securely with no loose or missing material noted. Typically, bricks have an extended life expectancy and complete replacement is unlikely. There are times where minor repairs may become necessary, but this is unpredictable when and how much would occur. Repairs should be handled as a maintenance issue on an as needed basis. Reserve funding is not required for this component at this time. If it later turns out that frequent repairs are necessary, then funding could be added in future Reserve Study updates.

Location: Buildings exteriors

Quantity: Approx. 7,550 GSF

Life Expectancy: N/A Remaining Life:

Best Cost: \$0

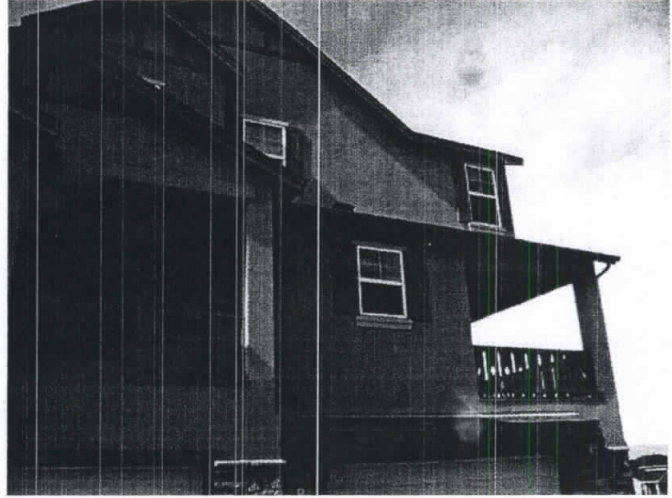
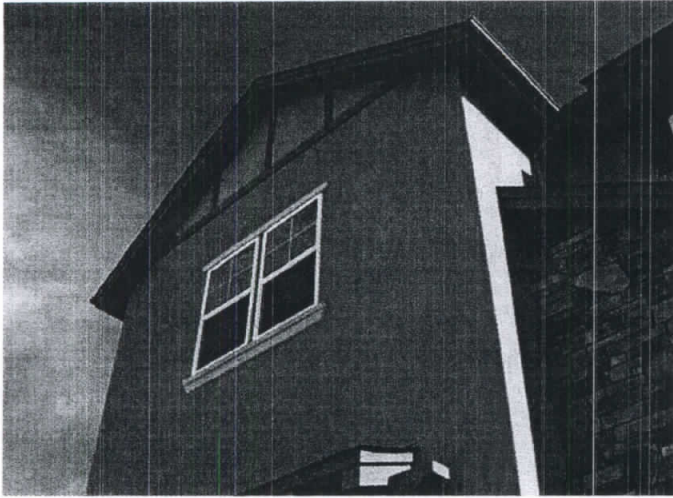
Worst Cost: \$0

Source of Information:

General Notes:

building 10605-10633 Silverton Creek - 1510 GSF  
building 10605-10635 Ouray Creek - 1510 GSF  
building on Gladstone Creek, "not built" - 1510 GSF  
building on Tincup Creek, "not built" - 1510 GSF  
building on Creede Creek, "not built" - 1510 GSF

Comp #: 307 Stucco - Repair



*Observations:*

All buildings are new and in good condition. While stucco surfaces have a long life expectancy (typically a 10 year labor warranty), it is recommended by industry professionals that it is inspected and any voids are repaired every 5 - 7 years to prevent water intrusion into substrate. It is also recommended that a new coating is applied every 10 - 15 years to maintain an appropriate appearance (see component #201). Over a period of time, minor cracks and voids will develop that will require repairing. Coordinate these repairs with a painting cycle every 12 years.

*Location:* Building exteriors

*Quantity:* Approx. 54,280 GSF

*Life Expectancy:* 10 *Remaining Life:* 5

*Best Cost:* \$7,000

\$250/unit; Estimate to inspect and minor repairs

*Worst Cost:* \$8,400

\$300/unit; Higher estimate for more repairs

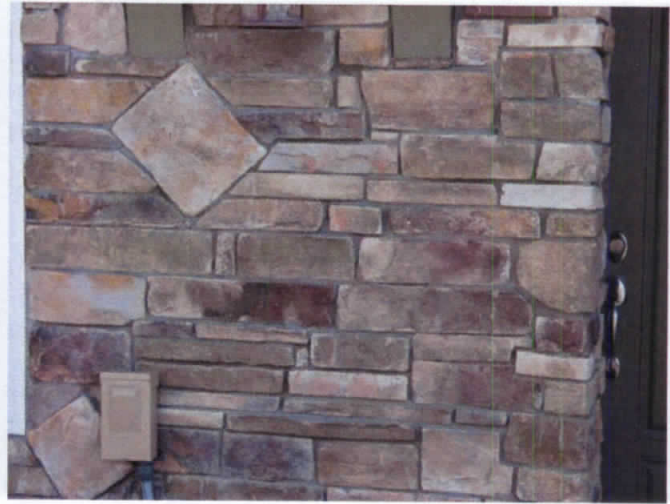
*Source of Information:* Cost database

*General Notes:*

building 10604-10634 Silverton Creek - 12040 GSF  
building 10608-10638 Leadville Creek - 12040 GSF  
building 10706-10736 Horseshoe Creek - 12040 GSF  
building on Tincup Creek, "not built" - 12040 GSF  
model building - 6120 GSF



Comp #: 308 Stone - Repair



**Observations:**

Stones appeared to be attached to the sides of the building well with no loose or missing material noted. Typically, stones have an extended life expectancy and complete replacement is unlikely. There are times where minor repairs may become necessary, but this is unpredictable when and how much would occur. Repairs should be handled as a maintenance issue on an as needed basis. Reserve funding is not required for this component at this time. If it later turns out that frequent repairs are necessary, then funding could be added in future Reserve Study updates.

**Location:** Buildings exterior

**Quantity:** Approx. 7,430 GSF

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

**Best Cost:** \$0

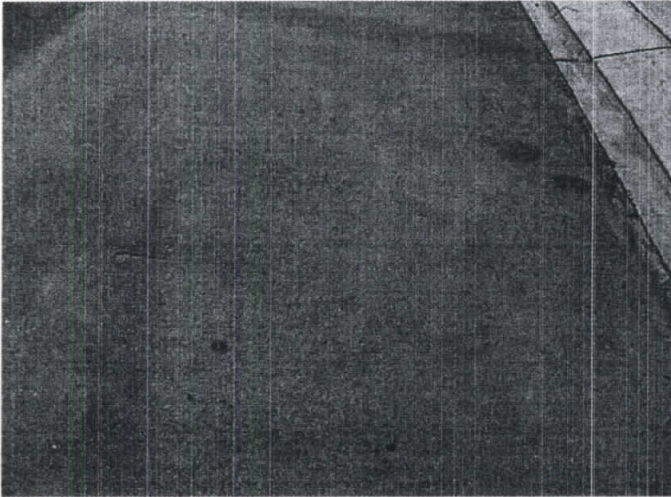
**Worst Cost:** \$0

**Source of Information:**

**General Notes:**

building 10604-10634 Silverton Creek - 1510 GSF  
 building 10608-10638 Leadville Creek - 1510 GSF  
 building 10706-10736 Horseshoe Creek- 1510 GSF  
 building on Tincup Creek, "not built" - 1510 GSF  
 model building - 1390 GSF

Comp #: 401 Asphalt - Overlay



*Observations:*

The majority of the surfaces still need the final 2" lift to the finish level. This will be done once construction is complete in these areas. The surfaces that are finished are in good condition with no major cracking or structural problems observed. Asphalt overlay generally has a useful life of 20 - 25 years. Maintain seal coat schedule to ensure full useful life. The remaining life (same as the useful life) is based on the average age of all surfaces, since most of the streets will have a new surface toward the end of the year. Industry professionals recommend a seal coat within 12 months of application of the final layer.

*Location:* All community streets

*Quantity:* Approx. 53,040 GSF

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

*Best Cost:* \$58,350

\$1.10/GSF; Estimate for an overlay

*Worst Cost:* \$66,300

\$1.25/GSF; Higher estimate for local repairs

*Source of Information:* Cost Database

*General Notes:*

Full depth asphalt-  
Gladstone Creek Pt. - 6240 GSF  
Ironton Creek Pt. - 7300 GSF  
Silverton Creek Pt. - 3536 GSF

2" lift needed -  
Gladstone Creek Pt. - 8100 GSF  
Horseshoe Creek Pt. - 5120 GSF  
Leadville Creek Pt. - 3000 GSF  
Ironton Creek Pt. - 10900 GSF  
Ouray Creek Pt. - 2920 GSF  
Crede Creek Pt. - 2920 GSF  
Tincup Creek Pt. - 3000 GSF



Comp #: 402 Asphalt - Seal Coat/crack fill



**Observations:**

All surfaces will be new by the end of 2008. Approximately 2/3rd of the streets still need the final 2" lift to the proper level. Industry professionals recommend a seal coat within 12 months of application of final layer. Thereafter, 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. Seal coating is applied to protect the asphalt from ultra-violet rays and water. This helps in slowing the process of oxidation and raveling. While acting as a protective barrier, it also maintains the appearance of the community to maintain or improve property values.

**Location:** Throughout community

**Quantity:** Approx. 53,040 GSF

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

**Best Cost:** \$4,250  
\$.08/GSF; Estimate for seal coat only

**Worst Cost:** \$5,850  
\$.11/GSF; Higher estimate includes repairs

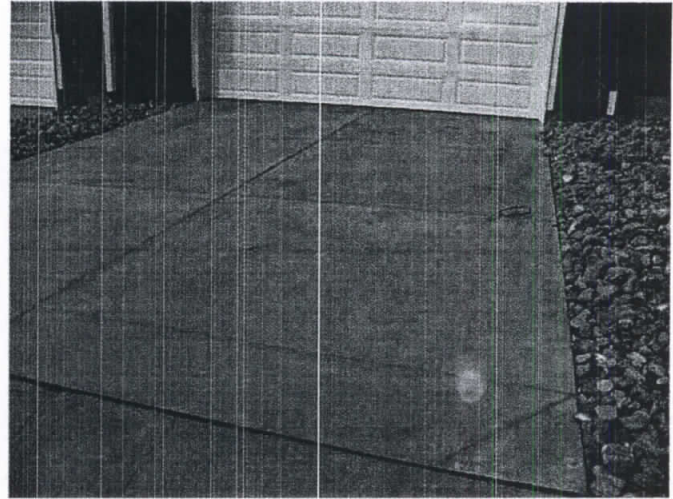
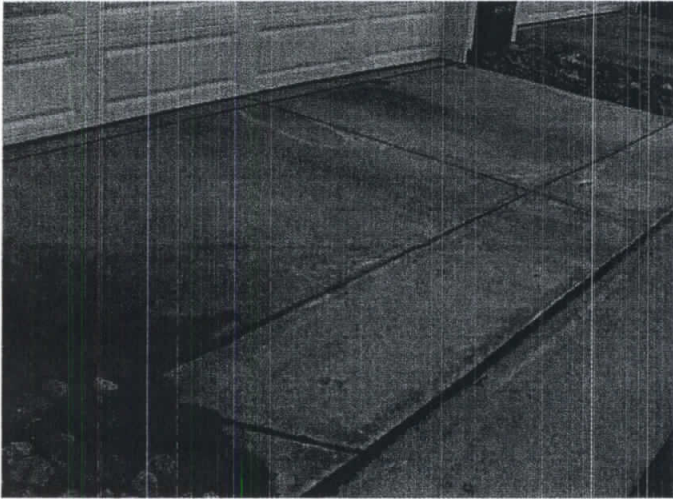
**Source of Information:** Cost Database

**General Notes:**

Full depth asphalt-  
Gladstone Creek Pt. - 6240 GSF  
Ironton Creek Pt. - 7300 GSF  
Silverton Creek Pt. - 3536 GSF

2" lift needed -  
Gladstone Creek Pt. - 8100 GSF  
Horseshoe Creek Pt. - 5120 GSF  
Leadville Creek Pt. - 3000 GSF  
Ironton Creek Pt. - 10900 GSF  
Ouray Creek Pt. - 2920 GSF  
Crede Creek Pt. - 2920 GSF  
Tincup Creek Pt. - 3000 GSF

Comp #: 403 Concrete Driveways - Repair/Replace



Observations:

There were sporadic areas of hairline cracks and spalling noted on several driveways at time of inspection. Majority of driveways were new and in good condition. Since it is unlikely that all concrete surfaces will fail at the same time, we suggest establishing a Reserve fund for periodic repairs and replacement to approximately 5% of the total area (1010 GSF) every 4 years. Repairs should be coordinated with other concrete surfaces for best cost estimate. As the property ages, the percentage or frequency of repairs may need to be adjusted in future Reserve Study updates.

Location: Garage driveways

Quantity: Approx. 20,210 GSF

Life Expectancy: 4 Remaining Life: 3

Best Cost: \$7,575

Estimate to replace 5% of area every 4 years

Worst Cost: \$8,100

Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

building 10604-10634 Silverton Creek - 1088 GSF  
 building 10608-10638 Leadville Creek - 1140 GSF  
 building 10706-10736 Horseshoe Creek - 2310 GSF  
 building 10605-10633 Silverton Creek - 1088 GSF  
 building 10605-10635 Ouray Creek - 1275 GSF  
 building 10606-10636 Ouray Creek - 1088 GSF  
 building 3336-3306 Ironton Creek - 2640 GSF  
 bldg on Gladstone Creek, "not built" - approx. 1140 GSF  
 bldg on Tincup Creek, "not built" - approx. 1470 GSF  
 bldg on Tincup Creek, "not built"- approx. 1470 GSF  
 bldg on Crede Creek, "not built" - approx. 1470 GSF  
 bldg on Crede Creek, "not built" - approx. 1470 GSF  
 bldg on Ironton Creek, "not built" - approx. 1470 GSF  
 model building - 710 GSF



Comp #: 406 Drain Pans/Curb/Gutters - Repair



**Observations:**

At the time of inspection, we noted some minor cracking and spalling of the drain swales. There were also noticeable cracked and broken curbs noted during the inspection. It is possible the builder will replace these broken curbs as the damage may have come from construction vehicles. Similar to other concrete surfaces, there is no expectation to completely replace concrete swales at the same time. Therefore, Reserve to make periodic repairs and replacements to approximately 10% of total area (1135 GSF) every 4 years. The remaining life is based on average condition.

**Location:** Throughout community

**Quantity:** Approx. 11,340 GSF

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

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

Estimate to repair 10% of area every 4 years

**Worst Cost:** \$9,650

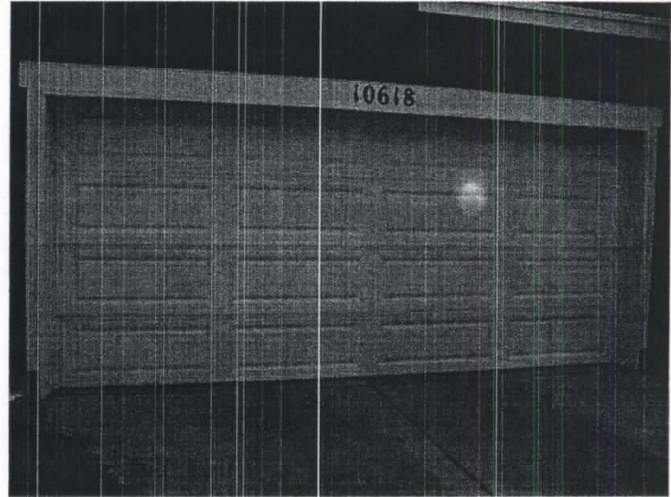
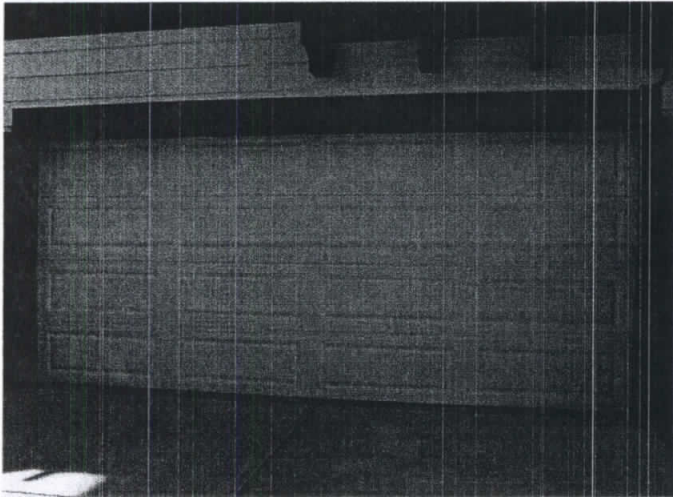
Higher estimate for more repairs

**Source of Information:** Cost Database

**General Notes:**

- Drain Pans -**
- Gladstone Creek Pt. - 1470 GSF
- Horseshoe Creek Pt. - 240 GSF
- Ouray Creek Pt. - 180 GSF
- Silverton Creek Pt. - 330 GSF
  
- Curb and Gutters -**
- Gladstone Creek Pt. - 1320 GSF
- Ironton Creek Pt. - 2430 GSF
- Silverton Creek Pt. - 1100 GSF
- Horseshoe Creek Pt. - 720 GSF
- Leadville Creek Pt. - 705 GSF
- Ouray Creek Pt. - 940 GSF
- Crede Creek Pt. - 940 GSF
- Tincup Creek Pt. - 960 GSF

Comp #: 502 Garage Doors - Replace



*Observations:*

No major problems observed with the garage doors at the time of inspection. According to Article 5.2.4, the owner shall be responsible for the maintain, repair, or replace garage doors, except for the painting or staining of surfaces. Unless otherwise noted, Reserve funding will not be included based on the rules stated in the declarations. We suggest the association establish a design guideline so that when an owner goes to replace a door, it will match and be consistent with the others.

*Location:* Garage unit

*Quantity:* Approx. 81 garage doors

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

*Best Cost:* \$0

*Worst Cost:* \$0

*Source of Information:*

*General Notes:*

6 (16x7) doors per bldg x 13 buildings = 78 garage doors  
model building - 3 (16x7) garage doors



Comp #: 601 Concrete Sidewalks - Repair



**Observations:**

All of the concrete surfaces are new and in good condition with only minor areas of cracking noted. Similar to other concrete surfaces, it is unlikely that all concrete surfaces will fail and need to be replaced at the same time. Therefore, we suggest establishing a Reserve fund for frequent repairs and replacement to a percentage of the area (5% or 1360 GSF) every 4 years. Coordinate repairs with other concrete surfaces for best cost estimate. As the property ages, the percentage or frequency of repairs may need to be adjusted in future Reserve Study updates.

**Location:** Throughout community

**Quantity:** Approx. 27,160 GSF

**Life Expectancy:** 4 **Remaining Life:** 3

**Best Cost:** \$10,200

Allowance to repair 5% of area every 4 years

**Worst Cost:** \$11,550

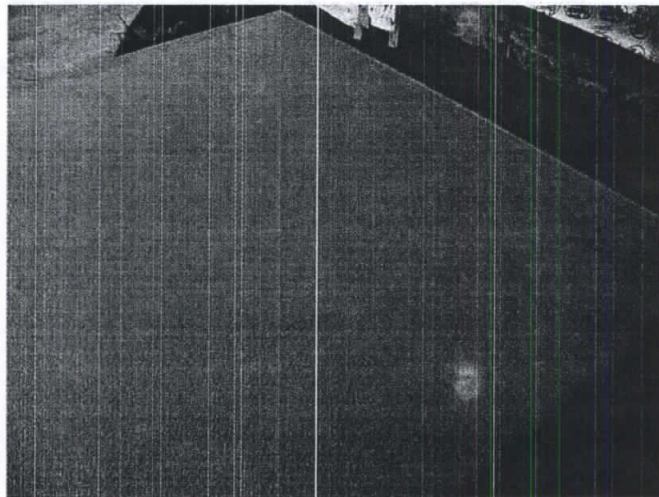
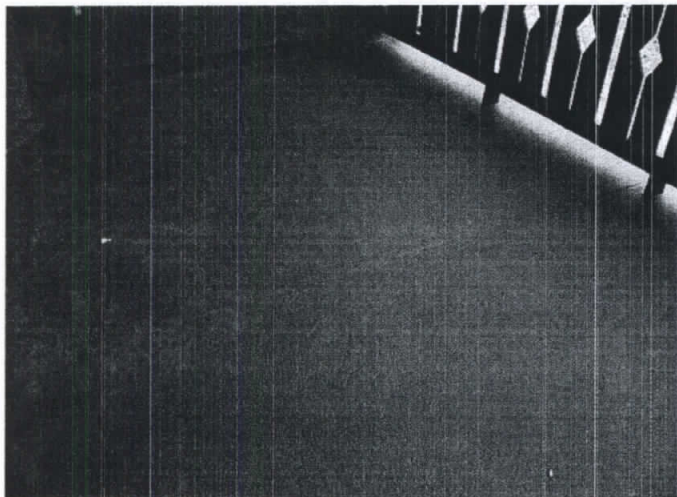
Higher estimate for more repairs

**Source of Information:** Cost Database

**General Notes:**

building 10604-10634 Silverton Creek - 960 GSF  
 building 10608-10638 Leadville Creek - 980 GSF  
 building 10706-10736 Horseshoe Creek - 1720 GSF  
 building 10605-10633 Silverton Creek - 980 GSF  
 building 10605-10635 Ouray Creek - 880 GSF  
 building 10606-10636 Ouray Creek - 1040 GSF  
 building 3336-3306 Ironton Creek - 1320 GSF  
 bldg on Gladstone Creek, "not built" - approx. 1120 GSF  
 bldg on Tincup Creek, "not built" - approx. 1120 GSF  
 bldg on Tincup Creek, "not built"- approx. 1120 GSF  
 bldg on Crede Creek, "not built" - approx. 1120 GSF  
 bldg on Crede Creek, "not built" - approx. 1120 GSF  
 bldg on Ironton creek, "not built" - approx. 1120 GSF  
 model building - 840 GSF  
 sidewalks along streets - 2820 GSF

Comp #: 604 Vinyl Sheet Decking - Resurface



*Observations:*

Decks are new and in good condition. The declarations do not specifically state who is responsible for the maintenance of the deck surfaces. Since each deck will be used on a different level by each owner, most associations determine the individual owner will be responsible for maintenance of the deck material. At this time, unless otherwise noted, Reserve funding will not be included for this component.

*Location:* Balconies  
*Quantity:* Approx. 8,900 GSF  
*Life Expectancy:* N/A *Remaining Life:*  
*Best Cost:* \$0  
  
*Worst Cost:* \$0

*General Notes:*

650 GSF per building x 13 buildings = 8450 GSF  
model building = 450 GSF

*Source of Information:*



**Component Inventory for Townes at Kettle Creek Owner's Client Reference # 7695**

Comp #: 801 Monument - Rebuild



**Observations:**

Structure is in good condition and very stable. While the materials used should have an indefinite life expectancy, we recommend planning on renovating monument every 20 - 25 years to maintain current trends and an appropriate appearance for the entrance to the community. The spot lighting should be replaced on an as needed basis with general maintenance funds, not Reserves.

**Location:** Corner of Gladstone Creek Pt.

**General Notes:**

**Quantity:** (1) Monument

(1) oval sign - 7.5 x 4.5 hi  
stone work - 144 GSF  
(2) spot lights

**Life Expectancy:** 30 **Remaining Life:** 29

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

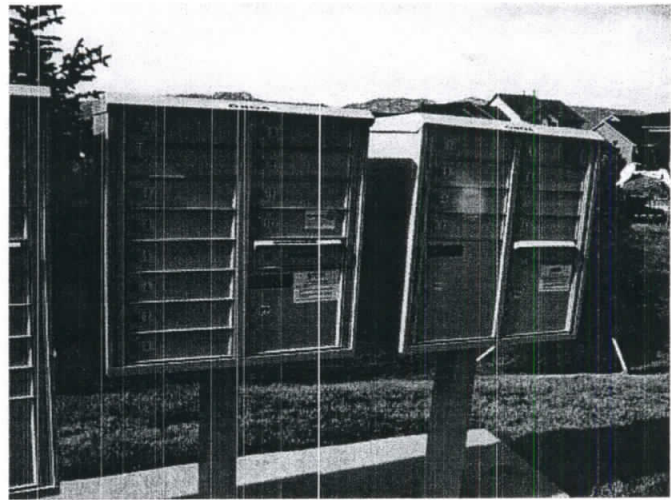
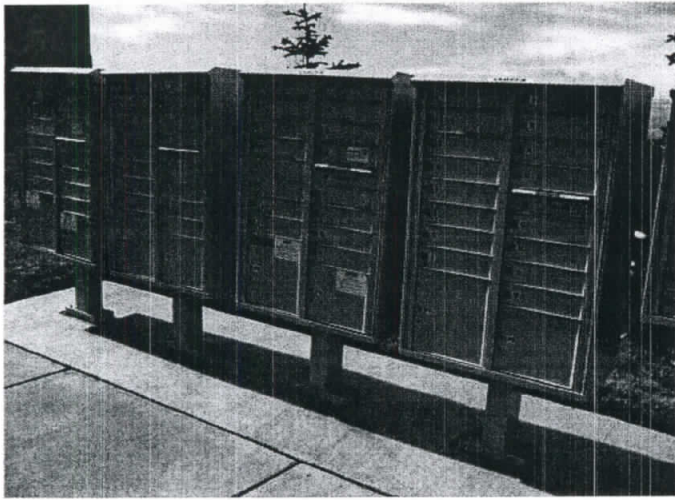
Allowance for general repairs

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

Higher allowance for more renovations costs

**Source of Information:** Cost Database

Comp #: 803 Mailboxes - Replace



**Observations:**

All boxes are relatively new within the last year. The mailboxes used on this property were manufactured by Security Manufacturing Corp. The typical life expectancy for this type of mailbox is 15 - 20 years in this environment. Remaining life is based on average age of all units.

**Location:** Ironton Creek Pt.

**Quantity:** (6) CBU's

**Life Expectancy:** 17 **Remaining Life:** 16

**Best Cost:** \$8,400  
\$1400/CBU; Estimate to replace

**Worst Cost:** \$9,900  
\$1650/CBU; Higher estimate for better quality

**Source of Information:** Cost Database

**General Notes:**

- (4) 16 box CBU's w/ 2 parcel and 1 outgoing box
- (1) 12 box CBU's w/ 1 parcel and 1 outgoing box
- (1) 8 box CBU w/ 2 parcel and 1 outgoing box

Mfr - Security Manufacturing Corp. (817-329-1600)



Comp #: 1001 Wood Handrails - Replace



**Observations:**

The handrails are new and freshly painted. The life expectancy for this type of handrail is indefinite as long as proper maintenance and painting cycles are followed. These will not be subject to constant exposure to elements that will cause deterioration. Any minor repairs that are necessary shall be considered a general maintenance issue and should be done as part of prep work before painting.

**Location:** Balconies

**Quantity:** Approx. 1,360 LF

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

**Best Cost:** \$0

**Worst Cost:** \$0

**Source of Information:**

**General Notes:**

85 LF per building x 13 buildings = 1105 LF  
model building = 60 LF

Comp #: 1002 Ironwork Handrails - Replace



*Observations:*

Fencing is new and in good condition with no rusting or structural problems noted at the time of inspection. With regular painting and maintenance, expect a useful life of 25 to 30 years from this component. Remaining life based on current age.

*Location:* Throughout community

*Quantity:* Approx. 2,970 LF

*Life Expectancy:* 28 *Remaining Life:* 27

*Best Cost:* \$74,250  
\$25/LF; Estimate to replace

*Worst Cost:* \$89,100  
\$30/LF; Higher estimate

*Source of Information:* Cost Database

*General Notes:*

building 10604-10634 Silverton Creek - 200 LF  
building 10608-10638 Leadville Creek - 250 LF  
building 10706-10736 Horseshoe Creek - 240 LF  
building 10605-10633 Silverton Creek - 35 LF  
building 10605-10635 Ouray Creek - N/A  
building 10606-10636 Ouray Creek - 245 LF  
building 3336-3306 Ironton Creek - 320 LF  
bldg on Gladstone Creek, "not built" - approx. 240 LF  
bldg on Tincup Creek, "not built" - approx. 240 LF  
bldg on Tincup Creek, "not built" - approx. 240 LF  
bldg on Creede Creek, "not built" - approx. 240 LF  
bldg on Creede Creek, "not built" - approx. 240 LF  
bldg on Ironton Creek, "not built" - approx. 240 LF  
model building - 235 LF



Comp #: 1003 Concrete Dry Stack Fence - Replace



**Observations:**

There was some minor hairline cracking noticed in numerous panels throughout the fence. It was also noted during the inspection, that there was a cap missing by 3336 Ironton Creek Pt. According to the vendor, this material has a 10 year warranty against manufacturer defects. If moisture enters these cracks and with the temperature fluctuations, frequent cracking can be expected. While these panels can be replaced as needed, gradual replacement will result in a patch quilt appearance. Over a period of time, the appearance will cause eventual replacement.

**Location:** Perimeter of community

**General Notes:**

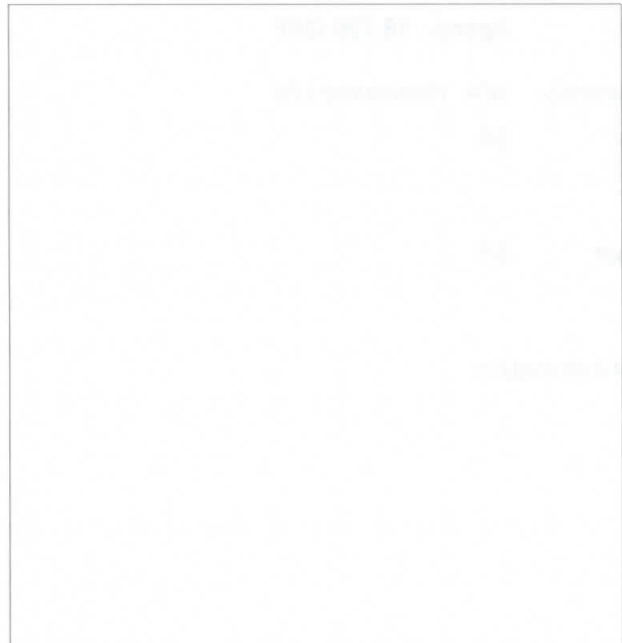
**Quantity:** Approx. 1,710 LF

**Life Expectancy:** 30 **Remaining Life:** 29

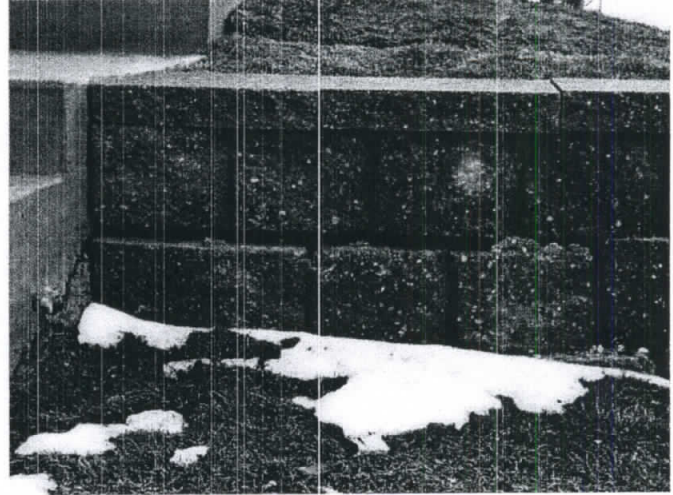
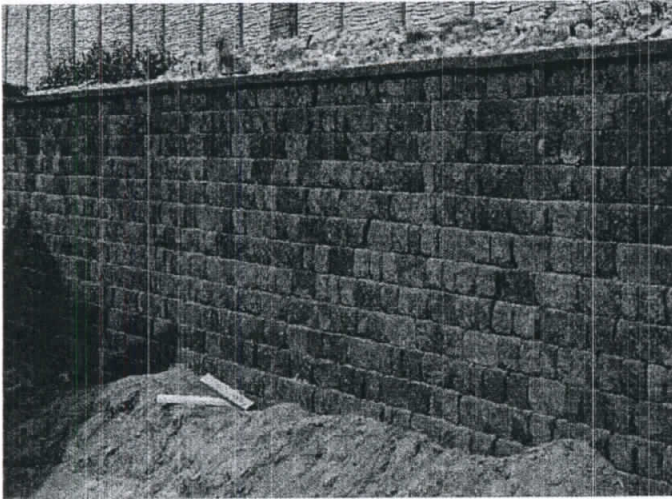
**Best Cost:** \$76,950  
\$45/LF; Estimate to replace

**Worst Cost:** \$85,500  
\$50/LF: Higher estimate

**Source of Information:** Cost Database



Comp #: 1005 Block Retaining Wall - Replace



**Observations:**

No significant cracking or structural problems noted at the time of inspection. As long as block wall was installed conforming to county code this wall should have an extended useful life. No expectation to replace wall, reserve funding is not appropriate.

**Location:** Throughout community

**Quantity:** Approx. 18,720 GSF

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

**Best Cost:** \$0

**Worst Cost:** \$0

**Source of Information:**

**General Notes:**

building 10604-10634 Silverton Creek - 1050 GSF  
 building 10608-10638 Leadville Creek - 965 GSF  
 building 10706-10736 Horseshoe Creek - 1850 GSF  
 building 10605-10633 Silverton Creek - 570 GSF  
 building 10605-10635 Ouray Creek - 175 GSF  
 building 10606-10636 Ouray Creek - 1155 GSF  
 building 3336-3306 Ironton Creek - 1340 GSF  
 bldg on Gladstone Creek, "not built" - approx. 1015 GSF  
 bldg on Tincup Creek, "not built" - approx. 1015 GSF  
 bldg on Tincup Creek, "not built" - approx. 1015 GSF  
 bldg on Creede Creek, "not built" - approx. 1015 GSF  
 bldg on Creede Creek, "not built" - approx. 1015 GSF  
 bldg on Ironton Creek, "not built" - approx. 1015 GSF  
 model building - 220 GSF  
 retaining wall around perimeter - 5305 GSF



Comp #: 1602 Exterior Wall Mount - Replace



**Observations:**

No unusual conditions were observed or reported at time of inspection. 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. The remaining life is based on the average age of all fixtures.

**Location:** Entryways and garage walls

**Quantity:** Approx. 164 lights

**Life Expectancy:** 18 **Remaining Life:** 17

**Best Cost:** \$15,600  
\$95/light; Estimate to replace

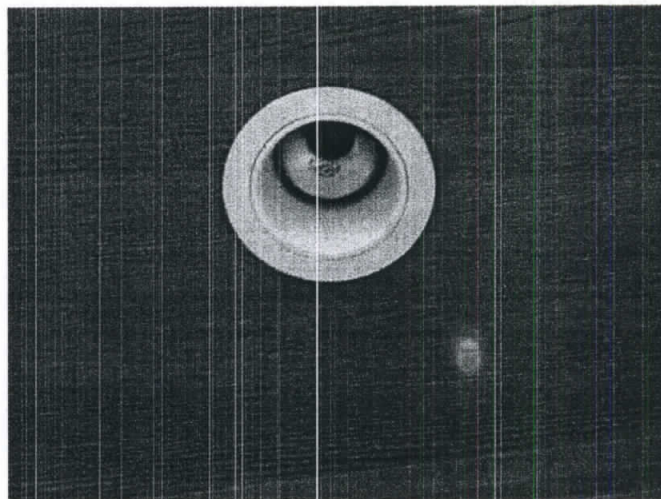
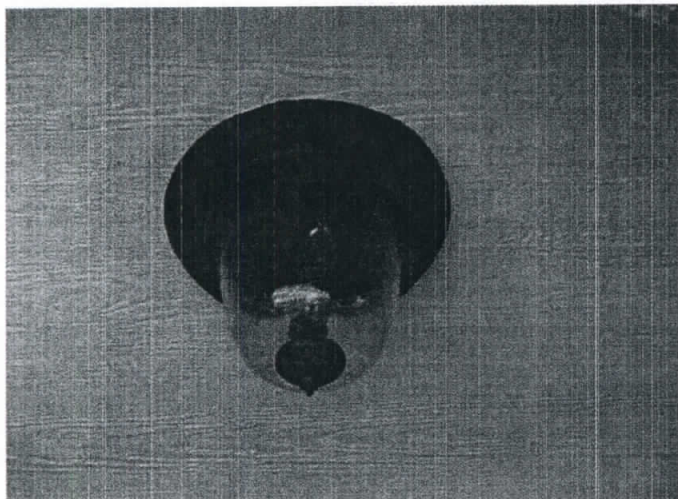
**Worst Cost:** \$18,050  
\$110/light; Higher estimate for better quality

**Source of Information:** Cost Database

**General Notes:**

12 lights per building x 13 buildings = 156 lights  
model building - 8 lights

Comp #: 1608 Ceiling Lights - Replace



*Observations:*

No unusual conditions were observed or reported at time of inspection. 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. Replacement of these lights coordinate with the wall sconces to match décor of future lights. 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. The remaining life is based on the average age of all fixtures.

*Location:* Entryways and balconies

*Quantity:* Approx. 145 decorative lights

*Life Expectancy:* 18 *Remaining Life:* 17

*Best Cost:* \$15,950

\$110/light; Estimate to replace

*Worst Cost:* \$18,125

\$125/light; Higher estimate

*Source of Information:* Cost Database

*General Notes:*

11 ceiling lights per building x 13 buildings = 143 lights  
1 can light per building x 13 buildings = 13 lights  
model building - 7 ceiling lights and 1 can light



Comp #: 1701 Irrigation System - Rebuild



**Observations:**

Most of the system was still being installed at time of inspection. The materials used during construction should have a long life expectancy with proper maintenance. At this time, there is no expectancy to completely replace the system and Reserve funding is not recommended. We recommend the association establish a line item in the general operating budget for annual repairs to necessary components of the system (broken lines, sprinkler heads, valves, backflow preventers, etc). If it later turns out that replacement will be necessary, expect to spend approximately \$150,000 (\$3,000 per zone) for a new system.

**Location:** Landscaped areas

**Quantity:** Moderate sized system

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

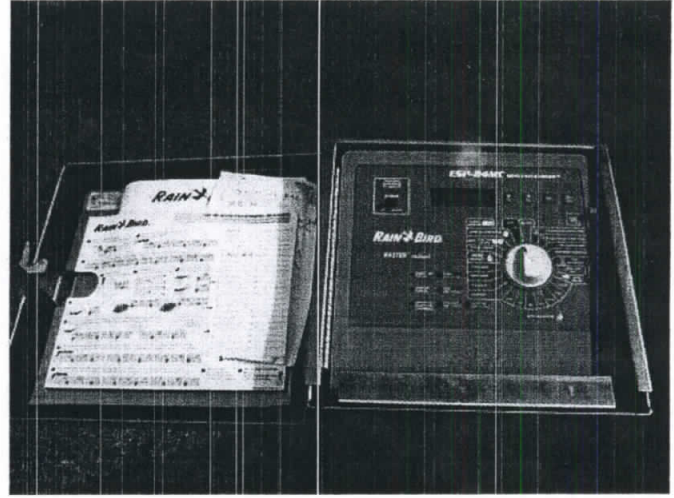
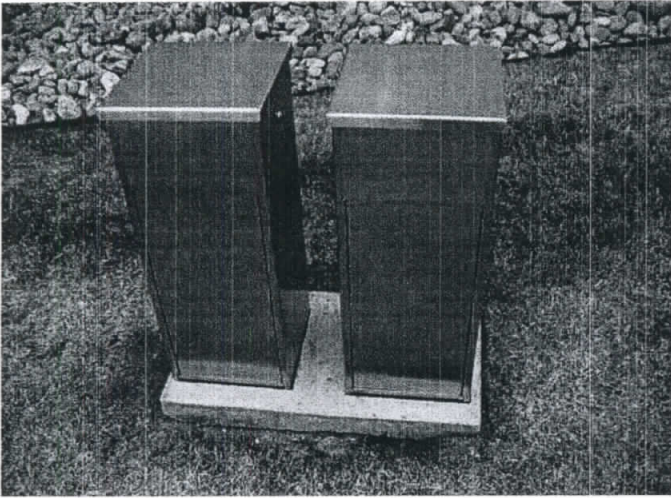
**Best Cost:** \$0

**Worst Cost:** \$0

**Source of Information:**

**General Notes:**

Comp #: 1703 Irrigation Timeclocks - Replace



*Observations:*

System was winterized at time of inspection, so we were unable to test the function of the clocks. The timeclocks are new and should be in good condition. Under normal conditions (not including Acts of God, vandalism, etc.) these clocks should last 10 - 12 years with proper maintenance. The remaining life is based on the age of the clocks.

*Location:* North side of model building

*Quantity:* (2) Rainbird, ESP 24 MC

*Life Expectancy:* 12 *Remaining Life:* 11

*Best Cost:* \$5,000  
\$2500/clock; Estimate to replace

*Worst Cost:* \$6,000  
\$3000/clock; Higher estimate for larger clock

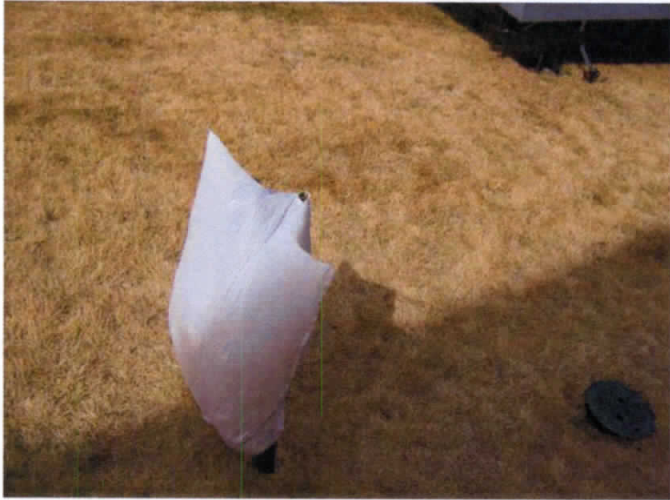
*Source of Information:* Cost Database

*General Notes:*

serial #634385-P,  
mfr date - march 2007



Comp #: 1706 Backflow Devices - Replace



Picture Unavailable

**Observations:**

Since property is new, assume the device complies with code requirements. The system was winterized and insulated at the time of the site inspection, so we were unable to observe the system functioning. Generally, these devices are covered with an metal enclosure which will limit the amount of direct exposure to elements. However, there wasn't a cover on the backflow device, at the time of inspection. It is difficult to predict a life expectancy for backflow preventers. Often, the device can be rebuilt as opposed to being completely replaced. Treat any repairs as needed as a general maintenance expense. No separate Reserve funding is required for this asset.

**Location:** North side of model building

**General Notes:**

**Quantity:** (1) Backflow device

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

**Best Cost:** \$0

**Worst Cost:** \$0

**Source of Information:**

# Funding Summary For Townes at Kettle Creek

## Beginning Assumptions

Financial Information Source	Research With Client
# of units	82
Fiscal Year End	December 31, 2008
Budgeted Monthly Dues	\$7,750.00
Budgeted Monthly Reserve Allocation	\$3,000.00
Projected Starting Reserve Balance	\$6,000
Ideal Starting Reserve Balance	\$53,606

## Economic Factors

Current Inflation Rate	3.50%
Reported After-Tax Interest Rate	3.00%

## Current Reserve Status

Current Balance as a % of Ideal Balance	11%
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## Recommendations

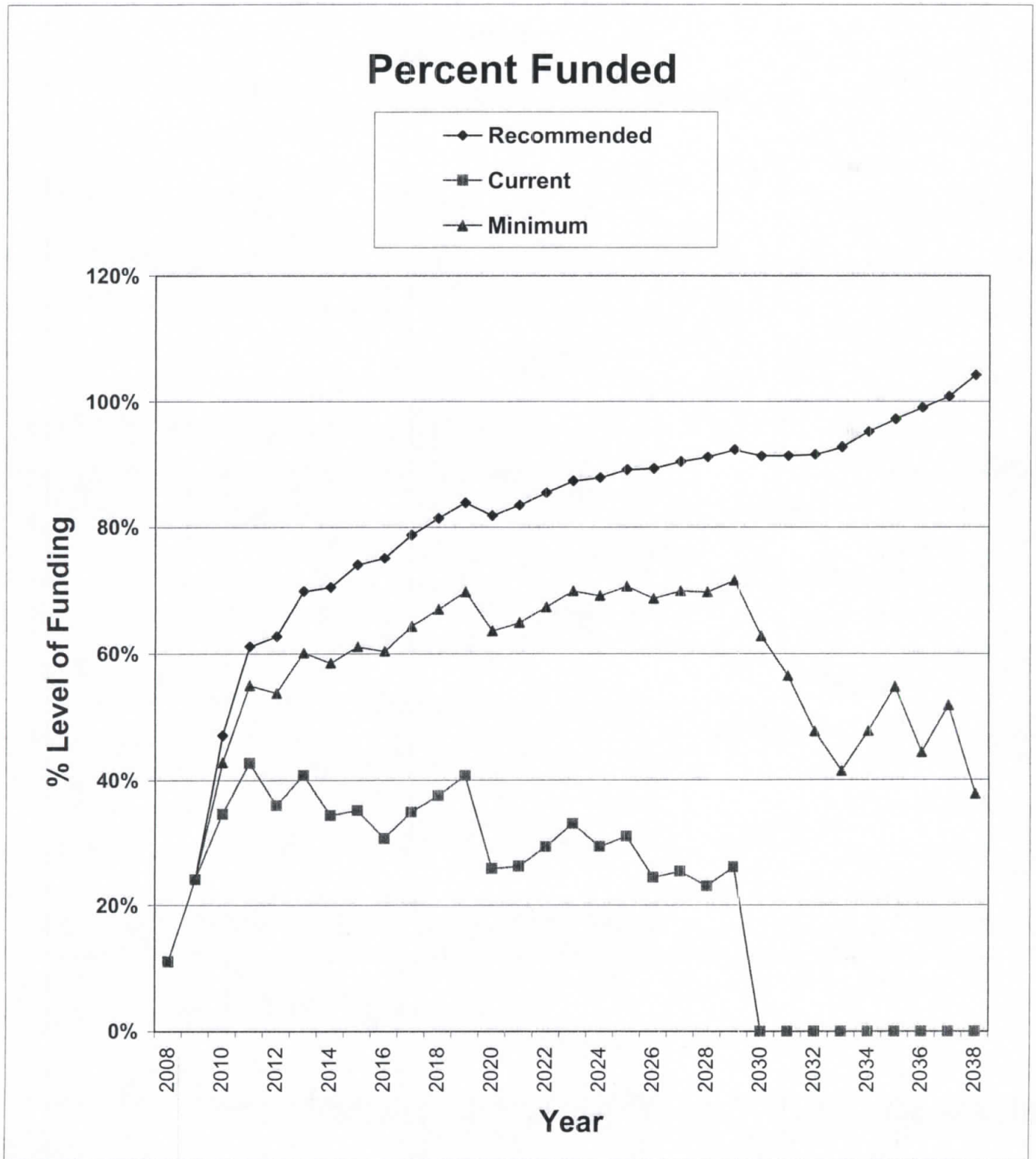
Monthly Reserve Allocation (rest of 2008)	\$3,000
Per Unit	\$36.59
Monthly Reserve Allocation (starting 2009)	\$4,725
Per Unit	\$57.62
Minimum Monthly Reserve Allocation (starting 2009)	\$4,175
Per Unit	\$50.91
Nomina; Annual Increases	4.00%
# of Years	30
Special Assessment	\$0
Per Unit	\$0

## Changes From 2008 to 2009

Increase/Decrease to Reserve Allocation	\$1,725
as Percentage	58%
Per Unit	\$21.04



Percent Funded Graph For Townes at Kettle Creek



*Component Inventory for Townes at Kettle Creek Owner's Assoc.*

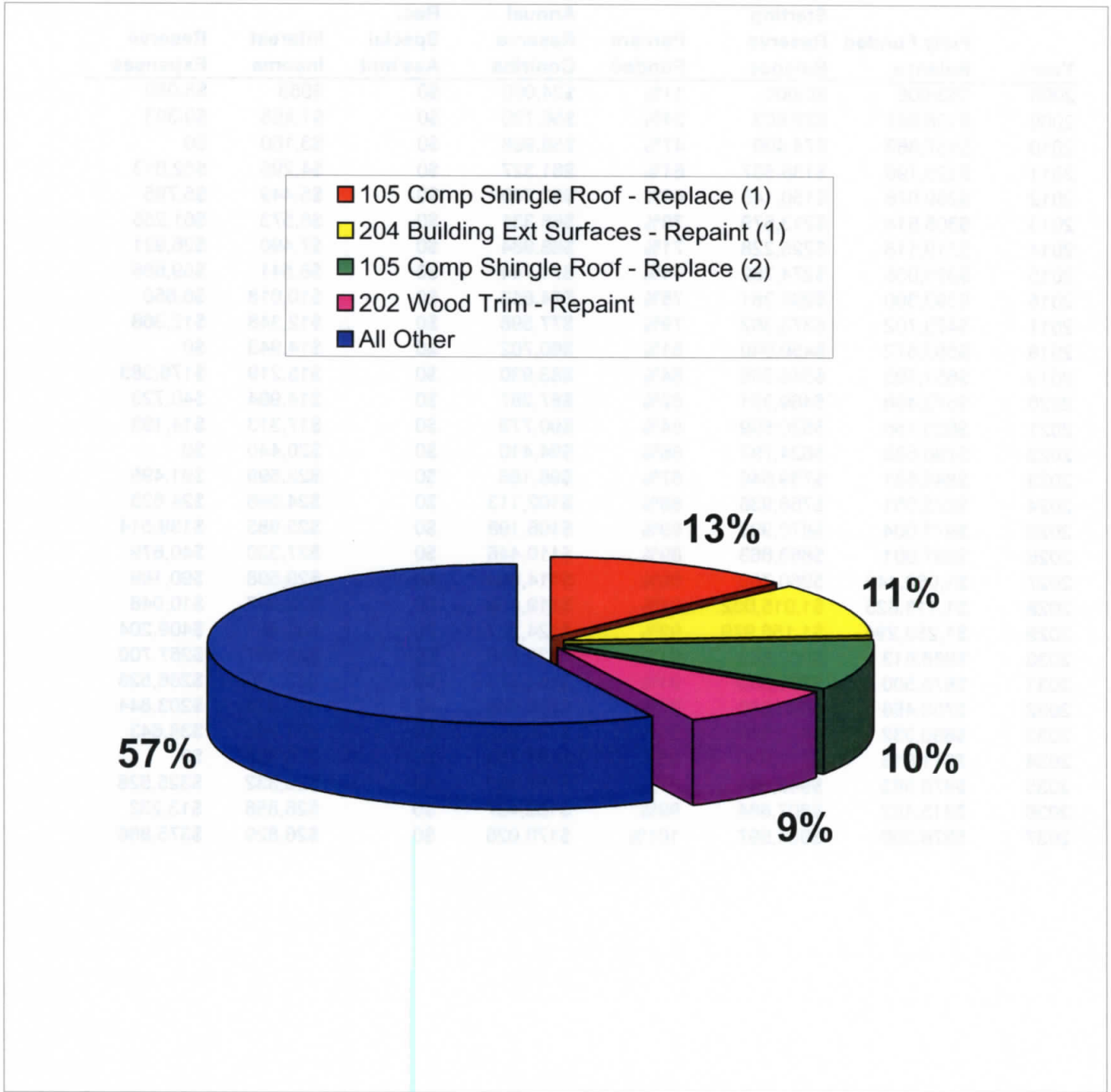
Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	105	Comp Shingle Roof - Replace (1)	22	21	\$144,450	\$168,525
	105	Comp Shingle Roof - Replace (2)	22	22	\$111,600	\$130,200
	120	Gutters/Downspouts - Replace (2)	22	21	\$14,480	\$16,290
	120	Gutters/Downspouts - Replace (1)	22	21	\$16,700	\$18,800
Painted Surfaces	201	Stucco Surfaces - Repaint	12	11	\$30,800	\$36,400
	202	Wood Trim - Repaint	4	3	\$17,500	\$19,600
	204	Building Ext Surfaces - Repaint (1)	6	5	\$31,200	\$38,400
	204	Building Ext Surfaces - Repaint (2)	6	6	\$39,000	\$4,800
	207	Iron Fencing - Repaint	4	3	\$8,900	\$10,400
Siding Materials	304	Fiber Cement Siding - Replace	N/A		\$0	\$0
	306	Brick - Replace	N/A		\$0	\$0
	307	Stucco - Repair	10	5	\$7,000	\$8,400
	308	Stone - Repair	N/A		\$0	\$0
Drive Materials	401	Asphalt - Overlay	24	24	\$58,350	\$66,300
	402	Asphalt - Seal Coat/crack fill	4	0	\$4,250	\$5,850
	403	Concrete Driveways - Repair/Replace	4	3	\$7,575	\$8,100
	406	Drain Pans/Curb/Gutters - Repair	4	1	\$8,500	\$9,650
Property Access	502	Garage Doors - Replace	N/A		\$0	\$0
Decking	601	Concrete Sidewalks - Repair	4	3	\$10,200	\$11,550
	604	Wyl Sheet Decking - Resurface	N/A		\$0	\$0
Prop. Identification	801	Monument - Rebuild	30	29	\$12,000	\$15,000
	803	Mailboxes - Replace	17	16	\$8,400	\$9,900
Fencing/Walls	1001	Wood Handrails - Replace	N/A		\$0	\$0
	1002	Ironwork Handrails - Replace	28	27	\$74,250	\$89,100
	1003	Concrete Dry Stack Fence - Replace	30	29	\$76,950	\$85,500
	1005	Block Retaining Wall - Replace	N/A		\$0	\$0
Light Fixtures	1602	Exterior Wall Mount - Replace	18	17	\$15,600	\$18,050
	1608	Ceiling Lights - Replace	18	17	\$15,950	\$18,125
Irrig. System	1701	Irrigation System - Rebuild	N/A		\$0	\$0
	1703	Irrigation Timeclocks - Replace	12	11	\$5,000	\$6,000
	1706	Backflow Devices - Replace	N/A		\$0	\$0



## Significant Components For Townes at Kettle Creek

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Comp Shingle Roof - Replace (1)	22	21	\$156,488	\$7,113	13.1862%
105	Comp Shingle Roof - Replace (2)	22	22	\$120,900	\$5,495	10.1875%
120	Gutters/Downspouts - Replace (1)	22	21	\$17,750	\$807	1.4957%
120	Gutters/Downspouts - Replace (2)	22	21	\$15,385	\$699	1.2964%
201	Stucco Surfaces - Repaint	12	11	\$33,600	\$2,800	5.1906%
202	Wood Trim - Repaint	4	3	\$18,550	\$4,638	8.5970%
204	Building Ext Surfaces - Repaint (1)	6	5	\$34,800	\$5,800	10.7521%
204	Building Ext Surfaces - Repaint (2)	6	6	\$21,900	\$3,650	6.7664%
207	Iron Fencing - Repaint	4	3	\$9,650	\$2,413	4.4723%
307	Stucco - Repair	10	5	\$7,700	\$770	1.4274%
401	Asphalt - Overlay	24	24	\$62,325	\$2,597	4.8141%
402	Asphalt - Seal Coat/crack fill	4	0	\$5,050	\$1,263	2.3404%
403	Concrete Driveways - Repair/Replace	4	3	\$7,838	\$1,959	3.6323%
406	Drain Pans/Curb/Gutters - Repair	4	1	\$9,075	\$2,269	4.2058%
601	Concrete Sidewalks - Repair	4	3	\$10,875	\$2,719	5.0400%
801	Monument - Rebuild	30	29	\$13,500	\$450	0.8342%
803	Mailboxes - Replace	17	16	\$9,150	\$538	0.9978%
1002	Ironwork Handrails - Replace	28	27	\$81,675	\$2,917	5.4075%
1003	Concrete Dry Stack Fence - Replace	30	29	\$81,225	\$2,708	5.0192%
1602	Exterior Wall Mount - Replace	18	17	\$16,825	\$935	1.7328%
1608	Ceiling Lights - Replace	18	17	\$17,038	\$947	1.7547%
1703	Irrigation Timeclocks - Replace	12	11	\$5,500	\$458	0.8497%

Significant Components Graph For Townes at Kettle Creek



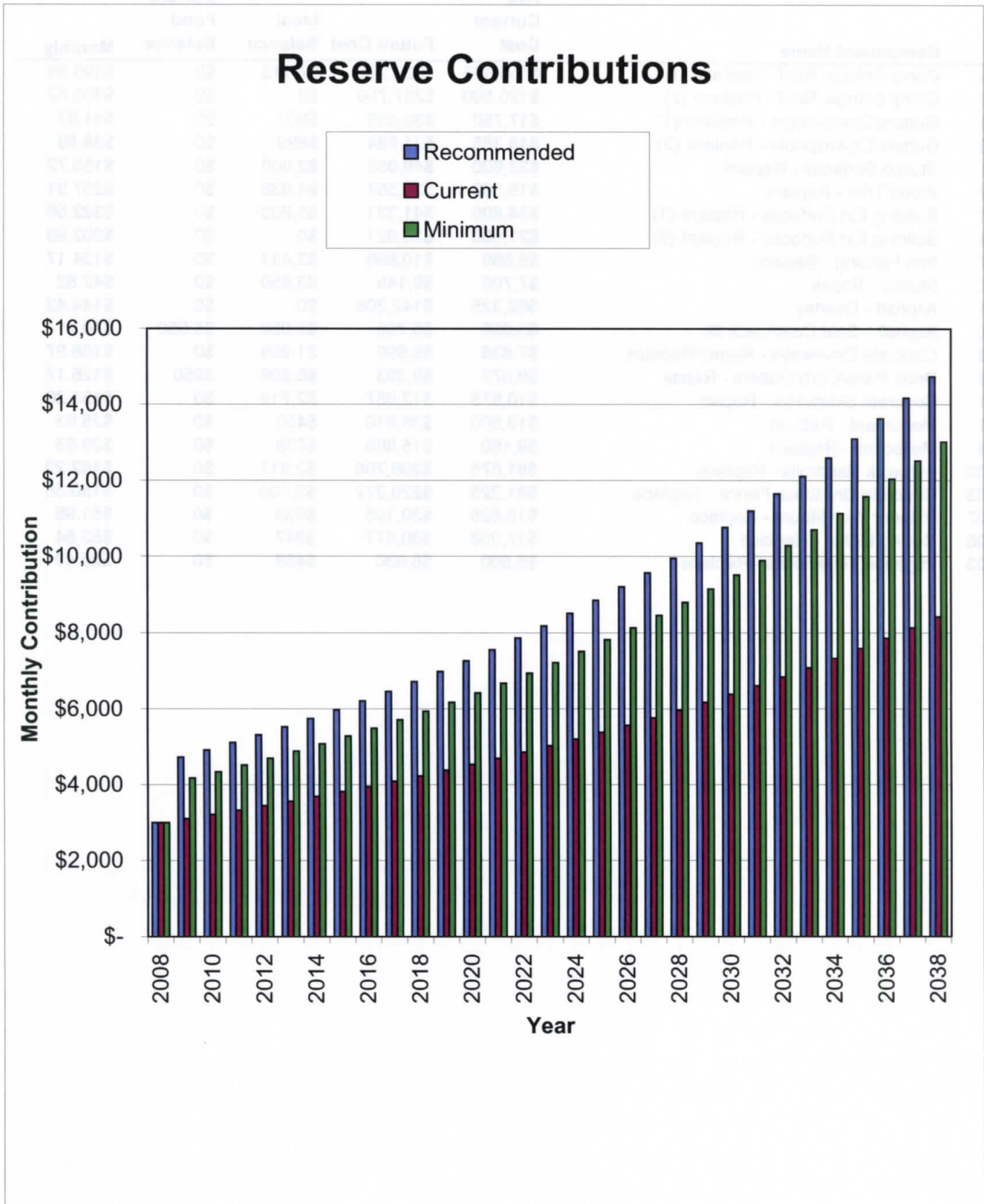
Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Comp Shingle Roof - Replace (1)	22	21	\$156,488	\$7,113	13%
204	Building Ext Surfaces - Repaint (1)	6	5	\$34,800	\$5,800	11%
105	Comp Shingle Roof - Replace (2)	22	22	\$120,900	\$5,495	10%
202	Wood Trim - Repaint	4	3	\$18,550	\$4,638	9%
All Other	See Expanded Table For Breakdown				\$30,897	57%



## Yearly Summary For Townes at Kettle Creek

Year	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2008	\$53,606	\$6,000	11%	\$24,000	\$0	\$653	\$5,050
2009	\$106,087	\$25,603	24%	\$56,700	\$0	\$1,498	\$9,393
2010	\$157,863	\$74,409	47%	\$58,968	\$0	\$3,160	\$0
2011	\$223,196	\$136,537	61%	\$61,327	\$0	\$4,295	\$52,013
2012	\$239,076	\$150,145	63%	\$63,780	\$0	\$5,449	\$5,795
2013	\$305,514	\$213,579	70%	\$66,331	\$0	\$6,573	\$61,255
2014	\$319,118	\$225,228	71%	\$68,984	\$0	\$7,490	\$26,921
2015	\$371,055	\$274,782	74%	\$71,744	\$0	\$8,541	\$59,686
2016	\$393,300	\$295,381	75%	\$74,613	\$0	\$10,018	\$6,650
2017	\$473,702	\$373,362	79%	\$77,598	\$0	\$12,348	\$12,368
2018	\$553,572	\$450,940	81%	\$80,702	\$0	\$14,943	\$0
2019	\$651,703	\$546,585	84%	\$83,930	\$0	\$15,219	\$176,383
2020	\$573,468	\$469,351	82%	\$87,287	\$0	\$14,984	\$40,723
2021	\$635,756	\$530,899	84%	\$90,779	\$0	\$17,313	\$14,193
2022	\$730,635	\$624,797	86%	\$94,410	\$0	\$20,440	\$0
2023	\$846,581	\$739,646	87%	\$98,186	\$0	\$22,599	\$91,495
2024	\$875,051	\$768,936	88%	\$102,113	\$0	\$24,566	\$24,623
2025	\$977,004	\$870,993	89%	\$106,198	\$0	\$25,985	\$139,514
2026	\$967,001	\$863,663	89%	\$110,446	\$0	\$27,330	\$40,679
2027	\$1,062,449	\$960,760	90%	\$114,864	\$0	\$29,598	\$90,189
2028	\$1,113,625	\$1,015,032	91%	\$119,458	\$0	\$32,537	\$10,048
2029	\$1,253,294	\$1,156,979	92%	\$124,237	\$0	\$30,857	\$409,204
2030	\$988,613	\$902,869	91%	\$129,206	\$0	\$25,507	\$257,700
2031	\$875,500	\$799,883	91%	\$134,374	\$0	\$22,319	\$266,526
2032	\$753,458	\$690,050	92%	\$139,749	\$0	\$20,014	\$203,844
2033	\$696,332	\$645,969	93%	\$145,339	\$0	\$21,255	\$39,643
2034	\$811,615	\$772,920	95%	\$151,153	\$0	\$25,808	\$0
2035	\$976,583	\$949,881	97%	\$157,199	\$0	\$26,332	\$325,528
2036	\$815,182	\$807,884	99%	\$163,487	\$0	\$26,858	\$13,232
2037	\$976,306	\$984,997	101%	\$170,026	\$0	\$26,829	\$375,866

Reserve Contributions For Townes at Kettle Creek





*Component Funding Information For Townes at Kettle Creek*

<b>ID</b>	<b>Component Name</b>	<b>Ave Current Cost</b>	<b>Future Cost</b>	<b>Ideal Balance</b>	<b>Current Fund Balance</b>	<b>Monthly</b>
105	Comp Shingle Roof - Replace (1)	\$156,488	\$322,275	\$7,113	\$0	\$395.59
105	Comp Shingle Roof - Replace (2)	\$120,900	\$257,700	\$0	\$0	\$305.62
120	Gutters/Downspouts - Replace (1)	\$17,750	\$36,555	\$807	\$0	\$44.87
120	Gutters/Downspouts - Replace (2)	\$15,385	\$31,684	\$699	\$0	\$38.89
201	Stucco Surfaces - Repaint	\$33,600	\$49,055	\$2,800	\$0	\$155.72
202	Wood Trim - Repaint	\$18,550	\$20,567	\$4,638	\$0	\$257.91
204	Building Ext Surfaces - Repaint (1)	\$34,800	\$41,331	\$5,800	\$0	\$322.56
204	Building Ext Surfaces - Repaint (2)	\$21,900	\$26,921	\$0	\$0	\$202.99
207	Iron Fencing - Repaint	\$9,650	\$10,699	\$2,413	\$0	\$134.17
307	Stucco - Repair	\$7,700	\$9,145	\$3,850	\$0	\$42.82
401	Asphalt - Overlay	\$62,325	\$142,308	\$0	\$0	\$144.42
402	Asphalt - Seal Coat/crack fill	\$5,050	\$5,795	\$5,050	\$5,050	\$70.21
403	Concrete Driveways - Repair/Replace	\$7,838	\$8,690	\$1,959	\$0	\$108.97
406	Drain Pans/Curb/Gutters - Repair	\$9,075	\$9,393	\$6,806	\$950	\$126.17
601	Concrete Sidewalks - Repair	\$10,875	\$12,057	\$2,719	\$0	\$151.20
801	Monument - Rebuild	\$13,500	\$36,610	\$450	\$0	\$25.03
803	Mailboxes - Replace	\$9,150	\$15,866	\$538	\$0	\$29.93
1002	Ironwork Handrails - Replace	\$81,675	\$206,766	\$2,917	\$0	\$162.22
1003	Concrete Dry Stack Fence - Replace	\$81,225	\$220,272	\$2,708	\$0	\$150.58
1602	Exterior Wall Mount - Replace	\$16,825	\$30,195	\$935	\$0	\$51.98
1608	Ceiling Lights - Replace	\$17,038	\$30,577	\$947	\$0	\$52.64
1703	Irrigation Timeclocks - Replace	\$5,500	\$8,030	\$458	\$0	\$25.49

## Yearly Cash Flow For Townes at Kettle Creek

Year	2008	2009	2010	2011	2012
<b>Starting Balance</b>	\$6,000	\$25,603	\$74,409	\$136,537	\$150,145
<i>Reserve Income</i>	\$24,000	\$56,700	\$58,968	\$61,327	\$63,780
<i>Interest Earnings</i>	\$653	\$1,498	\$3,160	\$4,295	\$5,449
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$30,653	\$83,801	\$136,537	\$202,158	\$219,374
<b>Reserve Expenditures</b>	\$5,050	\$9,393	\$0	\$52,013	\$5,795
<b>Ending Balance</b>	\$25,603	\$74,409	\$136,537	\$150,145	\$213,579

Year	2013	2014	2015	2016	2017
<b>Starting Balance</b>	\$213,579	\$225,228	\$274,782	\$295,381	\$373,362
<i>Reserve Income</i>	\$66,331	\$68,984	\$71,744	\$74,613	\$77,598
<i>Interest Earnings</i>	\$6,573	\$7,490	\$8,541	\$10,018	\$12,348
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$286,483	\$301,703	\$355,067	\$380,012	\$463,308
<b>Reserve Expenditures</b>	\$61,255	\$26,921	\$59,686	\$6,650	\$12,368
<b>Ending Balance</b>	\$225,228	\$274,782	\$295,381	\$373,362	\$450,940

Year	2018	2019	2020	2021	2022
<b>Starting Balance</b>	\$450,940	\$546,585	\$469,351	\$530,899	\$624,797
<i>Reserve Income</i>	\$80,702	\$83,930	\$87,287	\$90,779	\$94,410
<i>Interest Earnings</i>	\$14,943	\$15,219	\$14,984	\$17,313	\$20,440
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$546,585	\$645,734	\$571,622	\$638,990	\$739,646
<b>Reserve Expenditures</b>	\$0	\$176,383	\$40,723	\$14,193	\$0
<b>Ending Balance</b>	\$546,585	\$469,351	\$530,899	\$624,797	\$739,646

Year	2023	2024	2025	2026	2027
<b>Starting Balance</b>	\$739,646	\$768,936	\$870,993	\$863,663	\$960,760
<i>Reserve Income</i>	\$98,186	\$102,113	\$106,198	\$110,446	\$114,864
<i>Interest Earnings</i>	\$22,599	\$24,566	\$25,985	\$27,330	\$29,598
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$860,431	\$895,616	\$1,003,177	\$1,001,439	\$1,105,222
<b>Reserve Expenditures</b>	\$91,495	\$24,623	\$139,514	\$40,679	\$90,189
<b>Ending Balance</b>	\$768,936	\$870,993	\$863,663	\$960,760	\$1,015,032

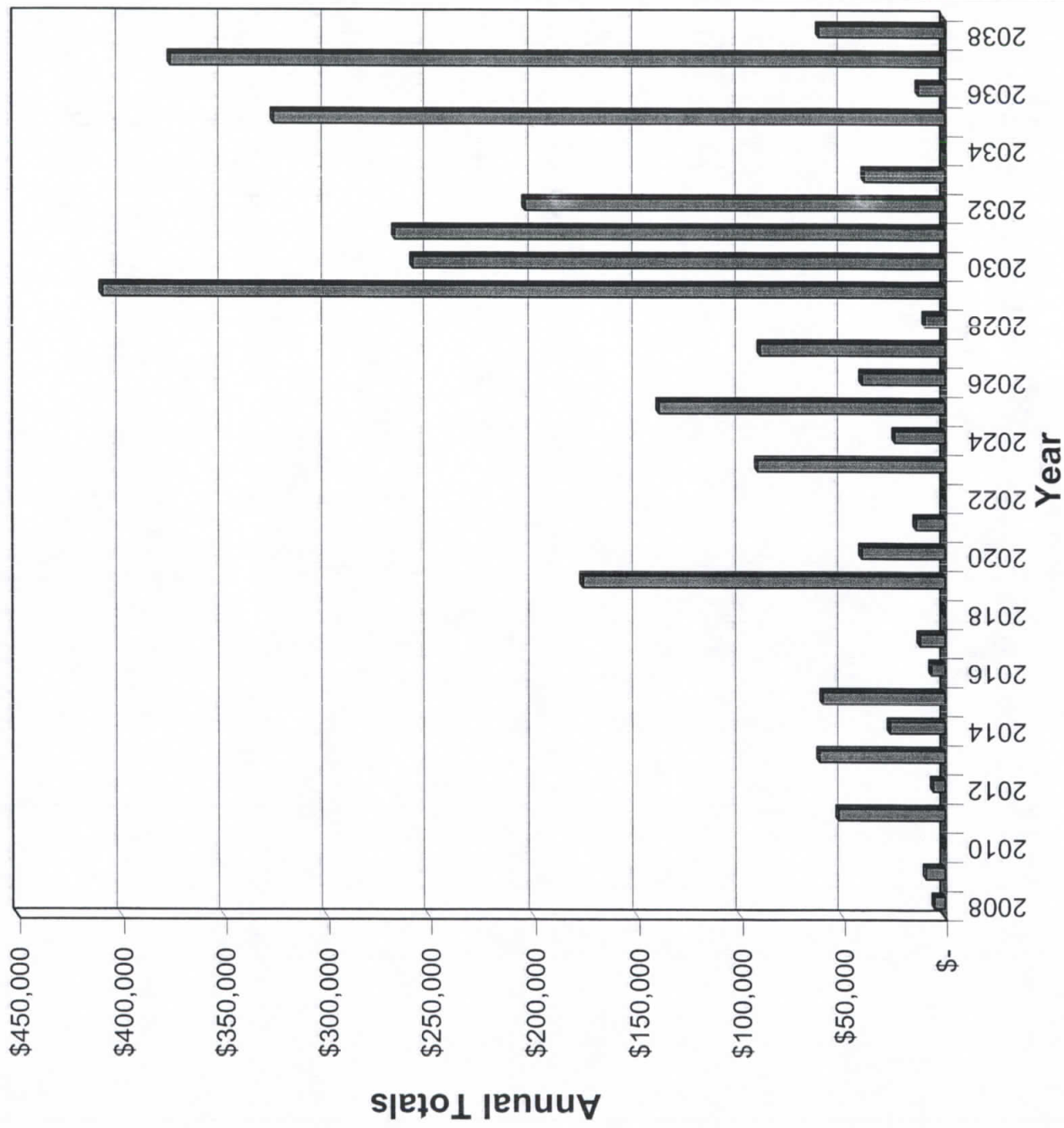
Year	2028	2029	2030	2031	2032
<b>Starting Balance</b>	\$1,015,032	\$1,156,979	\$902,869	\$799,883	\$690,050
<i>Reserve Income</i>	\$119,458	\$124,237	\$129,206	\$134,374	\$139,749
<i>Interest Earnings</i>	\$32,537	\$30,857	\$25,507	\$22,319	\$20,014
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$1,167,028	\$1,312,073	\$1,057,582	\$956,577	\$849,814
<b>Reserve Expenditures</b>	\$10,048	\$409,204	\$257,700	\$266,526	\$203,844
<b>Ending Balance</b>	\$1,156,979	\$902,869	\$799,883	\$690,050	\$645,969

Year	2033	2034	2035	2036	2037
<b>Starting Balance</b>	\$645,969	\$772,920	\$949,881	\$807,884	\$984,997
<i>Reserve Income</i>	\$145,339	\$151,153	\$157,199	\$163,487	\$170,026
<i>Interest Earnings</i>	\$21,255	\$25,808	\$26,332	\$26,858	\$26,829
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$812,564	\$949,881	\$1,133,412	\$998,229	\$1,181,852
<b>Reserve Expenditures</b>	\$39,643	\$0	\$325,528	\$13,232	\$375,866
<b>Ending Balance</b>	\$772,920	\$949,881	\$807,884	\$984,997	\$805,986



Yearly Expenditures Graph For Townes at Kettle Creek

## Reserve Expenditures



## Projected Reserve Expenditures For Townes at Kettle Creek

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2008	402	Asphalt - Seal Coat/crack fill	\$5,050	\$5,050
2009	406	Drain Pans/Curb/Gutters - Repair	\$9,393	\$9,393
2010		No Expenditures Projected		\$0
2011	202	Wood Trim - Repaint	\$20,567	
	207	Iron Fencing - Repaint	\$10,699	
	403	Concrete Driveways - Repair/Replace	\$8,690	
	601	Concrete Sidewalks - Repair	\$12,057	\$52,013
2012	402	Asphalt - Seal Coat/crack fill	\$5,795	\$5,795
2013	204	Building Ext Surfaces - Repaint (1)	\$41,331	
	307	Stucco - Repair	\$9,145	
	406	Drain Pans/Curb/Gutters - Repair	\$10,778	\$61,255
2014	204	Building Ext Surfaces - Repaint (2)	\$26,921	\$26,921
2015	202	Wood Trim - Repaint	\$23,601	
	207	Iron Fencing - Repaint	\$12,277	
	403	Concrete Driveways - Repair/Replace	\$9,971	
	601	Concrete Sidewalks - Repair	\$13,836	\$59,686
2016	402	Asphalt - Seal Coat/crack fill	\$6,650	\$6,650
2017	406	Drain Pans/Curb/Gutters - Repair	\$12,368	\$12,368
2018		No Expenditures Projected		\$0
2019	201	Stucco Surfaces - Repaint	\$49,055	
	202	Wood Trim - Repaint	\$27,082	
	204	Building Ext Surfaces - Repaint (1)	\$50,807	
	207	Iron Fencing - Repaint	\$14,089	
	403	Concrete Driveways - Repair/Replace	\$11,443	
	601	Concrete Sidewalks - Repair	\$15,877	
	1703	Irrigation Timeclocks - Replace	\$8,030	\$176,383
2020	204	Building Ext Surfaces - Repaint (2)	\$33,092	
	402	Asphalt - Seal Coat/crack fill	\$7,631	\$40,723
2021	406	Drain Pans/Curb/Gutters - Repair	\$14,193	\$14,193
2022		No Expenditures Projected		\$0
2023	202	Wood Trim - Repaint	\$31,078	
	207	Iron Fencing - Repaint	\$16,167	
	307	Stucco - Repair	\$12,900	
	403	Concrete Driveways - Repair/Replace	\$13,131	
	601	Concrete Sidewalks - Repair	\$18,219	\$91,495
2024	402	Asphalt - Seal Coat/crack fill	\$8,757	
	803	Mailboxes - Replace	\$15,866	\$24,623
2025	204	Building Ext Surfaces - Repaint (1)	\$62,455	
	406	Drain Pans/Curb/Gutters - Repair	\$16,287	
	1602	Exterior Wall Mount - Replace	\$30,195	
	1608	Ceiling Lights - Replace	\$30,577	\$139,514
2026	204	Building Ext Surfaces - Repaint (2)	\$40,679	\$40,679
2027	202	Wood Trim - Repaint	\$35,662	
	207	Iron Fencing - Repaint	\$18,552	
	403	Concrete Driveways - Repair/Replace	\$15,068	
	601	Concrete Sidewalks - Repair	\$20,907	\$90,189
2028	402	Asphalt - Seal Coat/crack fill	\$10,048	\$10,048
2029	105	Comp Shingle Roof - Replace (1)	\$322,275	
	120	Gutters/Downspouts - Replace (1)	\$36,555	
	120	Gutters/Downspouts - Replace (2)	\$31,684	
	406	Drain Pans/Curb/Gutters - Repair	\$18,689	\$409,204
2030	105	Comp Shingle Roof - Replace (2)	\$257,700	\$257,700
2031	201	Stucco Surfaces - Repaint	\$74,125	



Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	202	Wood Trim - Repaint	\$40,923	
	204	Building Ext Surfaces - Repaint (1)	\$76,773	
	207	Iron Fencing - Repaint	\$21,289	
	403	Concrete Driveways - Repair/Replace	\$17,290	
	601	Concrete Sidewalks - Repair	\$23,991	
	1703	Irrigation Timeclocks - Replace	\$12,134	\$266,526
2032	204	Building Ext Surfaces - Repaint (2)	\$50,005	
	401	Asphalt - Overlay	\$142,308	
	402	Asphalt - Seal Coat/crack fill	\$11,531	\$203,844
2033	307	Stucco - Repair	\$18,197	
	406	Drain Pans/Curb/Gutters - Repair	\$21,446	\$39,643
2034		No Expenditures Projected		\$0
2035	202	Wood Trim - Repaint	\$46,961	
	207	Iron Fencing - Repaint	\$24,430	
	403	Concrete Driveways - Repair/Replace	\$19,841	
	601	Concrete Sidewalks - Repair	\$27,531	
	1002	Ironwork Handrails - Replace	\$206,766	\$325,528
2036	402	Asphalt - Seal Coat/crack fill	\$13,232	\$13,232
2037	204	Building Ext Surfaces - Repaint (1)	\$94,373	
	406	Drain Pans/Curb/Gutters - Repair	\$24,610	
	801	Monument - Rebuild	\$36,610	
	1003	Concrete Dry Stack Fence - Replace	\$220,272	\$375,866
2038	204	Building Ext Surfaces - Repaint (2)	\$61,469	\$61,469

## **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.

**Accrued Fund 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.

$$AFB = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$$

**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.