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## “Full” Reserve Study



## Townes at Kettle Creek Colorado Springs, CO

**Report #: 24561-0**  
**For Period Beginning: January 1, 2014**  
**Expires: December 31, 2014**

**Date Prepared: October 10, 2013**

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## Hello, and welcome to your Reserve Study!

This Report is a valuable budget planning tool, for with it you control the future of your association. It contains all the fundamental information needed to understand your current and future Reserve obligations, the most significant expenditures your association will face.

With respect to Reserves, this Report will tell you “where you are”, and “where to go from here”.

### In this Report, you will find...

- 1) A List of What you're Reserving For
- 2) An Evaluation of your Reserve Fund Size and Strength
- 3) A Recommended Multi-Year Reserve Funding Plan

### More Questions?

Visit our website at [www.ReserveStudy.com](http://www.ReserveStudy.com) or call us at:

800/733-1365



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## 3- Minute Executive Summary

**Association:** Townes at Kettle Creek **Assoc. #:** 24561-0  
**Location:** Colorado Springs, CO  
**# of Units:** 82  
**Report Period:** January 1, 2014 through December 31, 2014

## **Results as-of 1/1/2014:**

<b>Projected Starting Reserve Balance:</b>	<b>\$182,500</b>
<b>Fully Funded Reserve Balance:</b>	<b>\$381,359</b>
<b>Average Reserve Deficit (Surplus) Per Unit:</b>	<b>\$2,425</b>
<b>Percent Funded:</b>	<b>47.9%</b>
<b>Recommended 2014 monthly Reserve Contribution:</b>	<b>\$3,280</b>
<b>Recommended 2014 Special Assessment for Reserves:</b>	<b>\$0</b>
<b>Most Recent Reserve Contribution Rate:</b>	<b>\$2,800</b>

## *Economic Assumptions:*

**Net Annual "After Tax" Interest Earnings Accruing to Reserves..... 1.00%**  
**Annual Inflation Rate ..... 3.00%**

- This is a “Full” Reserve Study (original, created “from scratch”).
  - The information in this Reserve Study is based on our site inspection on October 8, 2013.
  - This Reserve Study was prepared by, or under the supervision of, a credentialed Reserve Specialist (RS).
  - Because your Reserve Fund is above 30% Funded, at 47.9% Funded, this represents a fair position. In perspective, associations in the 0-30% funded range are likely to incur special assessments, deferred maintenance, or large increases to dues. While associations in the 70% funded range and above are less likely to have such cash flow issues. Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or “Fully Funded”.
  - Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions.

- This reserve study is a budget model for your association, working alongside your Operating & Maintenance budget. We have attempted to identify significant expenses likely to occur over time, and computed a reserve contribution rate plan to accumulate sufficient funds to meet those expenses, ideally without having to levy a special assessment. There are three expected results from a Reserve Study:

- 1) A list of what you're reserving for (see Table 1).
- 2) An evaluation of your current reserve fund size and strength (see next page, Percent Funded – page 3 for definition).
- 3) A plan to offset the projected expenses.
- There is currently no state or other mandated level of reserve funding requirement. The choice for your association is then largely: “How much financial risk are we willing to expose the community to, above the currently planned monthly assessments for common area expenses?” This answer typically varies, but in all cases, special assessment is not the most efficient or fair approach; especially for owners on a fixed income. Implementing a stable and incremental reserve contribution is.
- Like any budget, the reserve study is a living and working document deserving of your time and attention. The projects that are included, economic and other factors affecting the future will be in a constant state of change. Your job is to have a thorough understanding of what you are collectively responsible to maintain, repair and replace, and to work your plan to proactively make decisions (i.e. materials, specifications, contractors, etc...) that deliver the best value for your community as a whole. ***Boards are charged with a duty to enhance, maintain and protect the assets of the community; mainly unit values!***
- An effective strategy to begin with, is to obtain a firm grasp of your projected expenses within the next 5 years. The near term years are what current owners are likely to care most about. Table 5, page 14 of this report is one place you can see this information - note the projected expenses at the bottom of the columns. The income shown in the top lines are what you will have *if you follow the recommendation of the 100% Full funding reserve contribution rate shown within the gray box of the Executive Summary*. Current reserve

**strength is indicated by your association's Percent Funded figure (see definition page 3). The significance of this indicator will vary depending upon how soon your largest expenses will occur, based on your starting fiscal year. You can find these expense projections in a number of places – see Figure 1 and Table 4 for an easy to read summary.**

Table 1: Executive Summary

24561-0

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
103	Concrete Sidewalk - Repair (part)	5	4	\$4,500	\$5,065
109	Deck - Repair (part)	10	4	\$12,000	\$13,506
201	Asphalt - Resurface	20	12	\$74,950	\$106,861
202	Asphalt - Crack Fill	1	0	\$1,350	\$1,391
202	Asphalt - Seal/Repair	5	1	\$13,650	\$14,060
204	Conc. Curb/Gutter - Replace (part)	10	9	\$4,000	\$5,219
324	Exterior Wall Lights - Replace	25	17	\$22,150	\$36,611
403	Mailboxes - Replace	25	17	\$11,100	\$18,347
501	Block Wall - Repair (part)	10	6	\$4,000	\$4,776
503	Metal Fence - Replace	35	27	\$99,000	\$219,908
505	Concrete Panel Fence - Replace	25	17	\$85,000	\$140,492
505	Rail Fence - Replace	25	17	\$5,550	\$9,173
805	Cementious Siding - Replace	40	32	\$478,500	\$1,232,177
1003	Irrigation Time Clocks - Replace	15	8	\$1,400	\$1,773
1005	Trees - Replace (partial)	10	8	\$11,000	\$13,934
1107	Metal Fence/Rail - Repaint	10	8	\$9,000	\$11,401
1115	Stucco - Repaint	20	12	\$94,250	\$134,378
1116	Wood Surfaces - Repaint	6	5	\$90,900	\$105,378
1119	Stone Siding - Repair	10	8	\$2,500	\$3,167
1303	Asphalt Shingle Roof - Replace	25	17	\$298,150	\$492,797
1310	Gutters/Downspouts - Replace	25	17	\$51,000	\$84,295
1401	Monument Sign - Refurbish	12	8	\$2,500	\$3,167
1402	Signage - Replace (part)	10	8	\$2,500	\$3,167
23	Total Funded Components				

Note 1: a Useful Life of "N/A" means a one-time expense, not expected to repeat.

Note 2: highlighted line items are expected to require attention in the initial year

## Introduction

A Reserve Study is the art and science of anticipating, and preparing for, an association's major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a process of research and analysis along well defined methodologies.

In this Report you will find the Reserve Component List (what you are reserving for). It contains our estimates for Useful Life, Remaining Useful Life, and the current repair or replacement cost for each major component the association is obligated to maintain. Based on that List and your starting balance we computed the association's Reserve Fund Strength (measured as "Percent Funded"), and created a recommended multi-year Reserve Funding Plan to offset future Reserve expenses.

As the physical assets age and deteriorate, it is important to accumulate financial assets to keep the two "in balance". A stable Reserve Funding Plan that offsets the irregular Reserve expenses will ensure that each owner pays their own "fair share" of ongoing common area deterioration.

## Methodology

First we establish what the projected expenses are, then we determine the association's financial status and create a Funding Plan. For this "Full" Reserve Study, we started with a review of your Governing Documents, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs Reserves), and research into any well-established association precedents. We performed an on-site inspection to quantify and evaluate your common areas, creating your Reserve Component List "from scratch".

### Reserve Study

- Component List
- Reserve Fund Strength
- Recommended Contribs

### Reserve Study Types

- 
- Full
  - Update With-Site-Visit
  - Update No-Site-Visit

## *Which Physical Assets are Covered by Reserves?*

There is a national-standard four-part test to determine which expenses should be funded through Reserves. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the limited life must be predictable (or it by definition is a “surprise” which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost. This limits Reserve

Components to major, predictable expenses. Within this framework, it is inappropriate to include “lifetime” components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.

### Reserve Components

- Common Area
- Limited Useful Life
- Predictable Life Limit
- Cost must be Significant

## *How are Useful Life and Remaining Useful Life established?*

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client Component History
- 4) Vendor Evaluation and Recommendation

## *How are Cost Estimates Established?*

In this order...

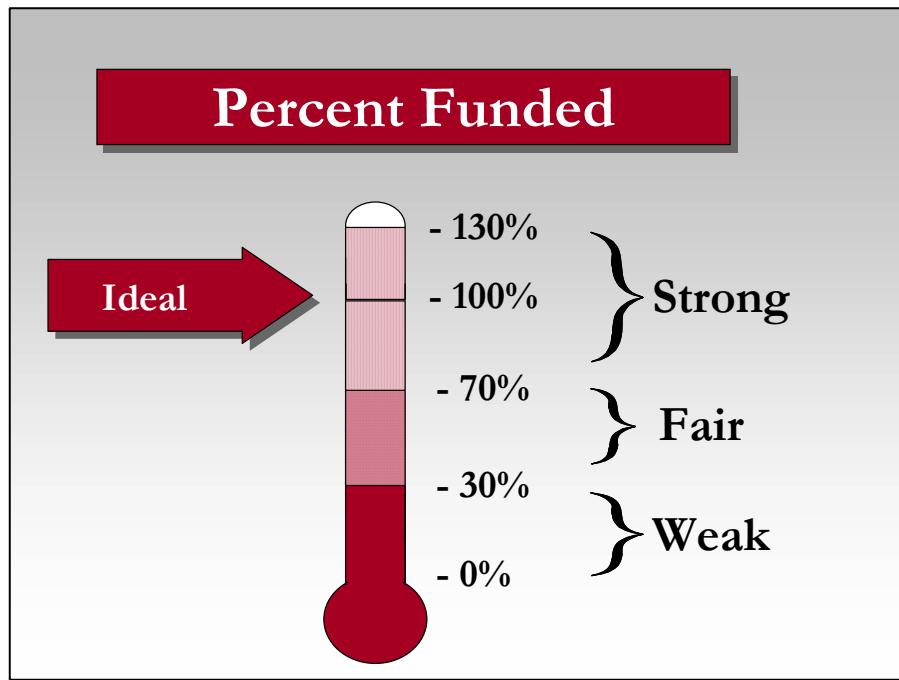
- 1) Client Cost History
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

### *How much Reserves are enough?*

Your Reserve cash Balance can measure reserves, but the true measure is whether the funds are adequate. Adequacy is measured in a two-step process:

- 1) Calculate the association's Fully Funded Balance (FFB).
- 2) Compare to the Reserve Fund Balance, and express as a percentage.

The FFB grows as assets age and the Reserve needs of the association increase, but shrinks when projects are accomplished and the Reserve needs of the association decrease. The Fully Funded Balance changes each year, and is a moving but predictable target.



Special assessments and deferred maintenance are common when the Percent Funded is below 30%. While the 100% point is Ideal, a Reserve Fund in the 70% -130% range is considered “strong” because in this range cash flow problems are rare.

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!

### *How much should we contribute?*

There are four Funding Principles that we balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. A stable contribution rate is desirable because it is a hallmark of a proactive plan.

Reserve contributions that are evenly distributed over the owners, over the years, enable each owner to pay their “fair share” of the association’s Reserve expenses (this means we recommend special assessments only when all other options have been exhausted). And finally, we develop a plan that is fiscally responsible and “safe” for Boardmembers to recommend to their association.

#### Funding Principles

- Sufficient Cash
- Stable Contribution Rate
- Evenly Distributed
- Fiscally Responsible

### *What is our Recommended Funding Goal?*

Maintaining the Reserve Fund at a level equal to the physical deterioration that has occurred is called “Full Funding” the Reserves (100% Funded). As each asset ages and becomes “used up”, the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** As stated previously, associations in the 100% range rarely experience special assessments or deferred maintenance.

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. In these associations, deterioration occurs without matching Reserve contributions. With a low Percent Funded, special assessments and deferred maintenance are common.

Threshold Funding is the title of all other objectives randomly selected between Baseline Funding and Full Funding.

#### Funding Goals

- 
- Full Funding
  - Threshold Funding
  - Baseline Funding

## Site Inspection Notes

During our site visit on October 8, 2013, we started the site inspection beginning with the asphalt surfaces. We visually inspected all the buildings, and were able to see all areas. We were not able to inspect the decks due to access limitations.

During our site inspection we noted the property to be in overall good condition and well maintained.

The community was completing a full paint project. Concrete was replaced in several areas, with only a few damaged areas remaining. We were informed that the remaining areas will be replaced this year.

Asphalt was patched in several locations, but we did not notice any open cracks or open seams.



## Projected Expenses

The figure below shows the array of the projected future expenses at your association. This figure clearly shows the near term and future expenses that your association will face. Note the approximately 2031, made up primarily of roof replacement expenses.

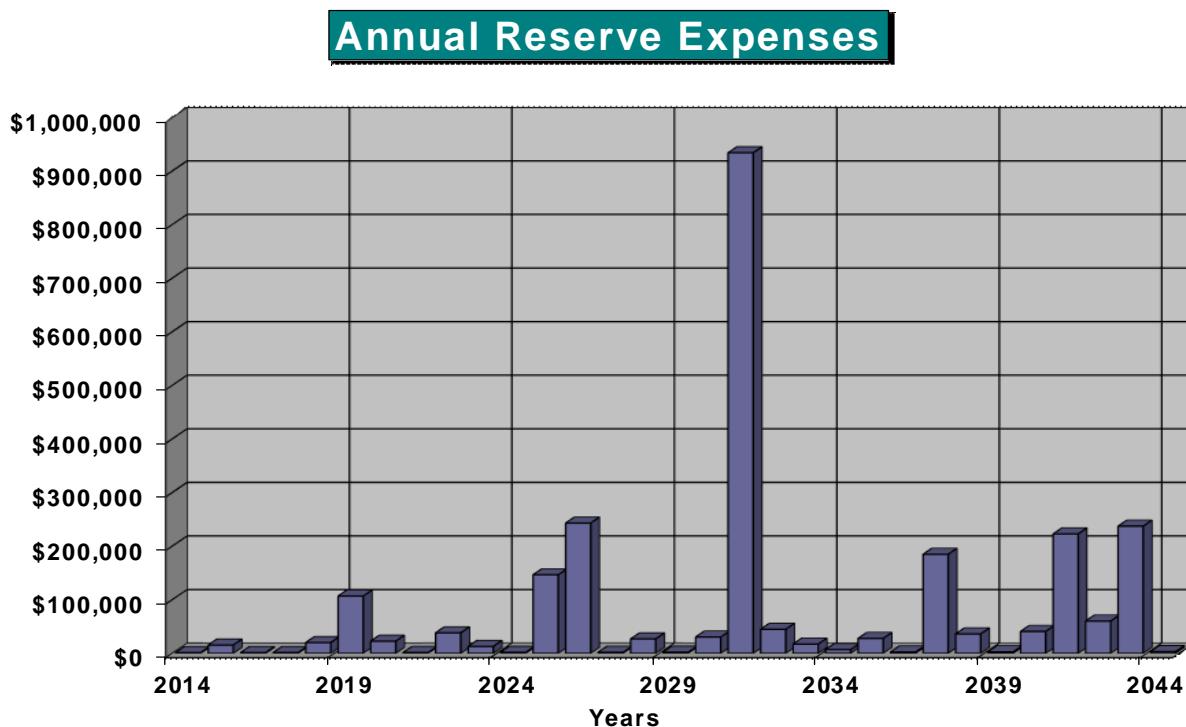


Figure 1

A summary of this information is shown in Table 4, while details of the projects that make up this information are shown in Table 5. Since this is a projection about future events that may or may not take place as anticipated, we feel more certain about “near-term” projects than those many years away. While this Reserve Study is a one-year document, it is based on 30 years worth of looking forward into the future.

## Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$182,500 as-of the start of your Fiscal Year on January 1, 2014. This is based on your actual balance on 08/06/13 of \$237,000 and anticipated Reserve contributions (\$14,000) and expenses (\$68,500) projected through the end of your Fiscal Year. As of January 1, 2014, your Fully Funded Balance is computed to be \$381,359 (see Table 3). This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 48% Funded. As indicated earlier in the Executive Summary, this represents a fair status.

## Recommended Funding Plan

Based on your current Percent Funded and your projected cash flow requirements, we are recommending Reserve contributions of \$3,280/month this Fiscal Year. This represents the first year of the 30-year Funding Plan shown below. This same information is shown numerically in both Table 4 and Table 5.

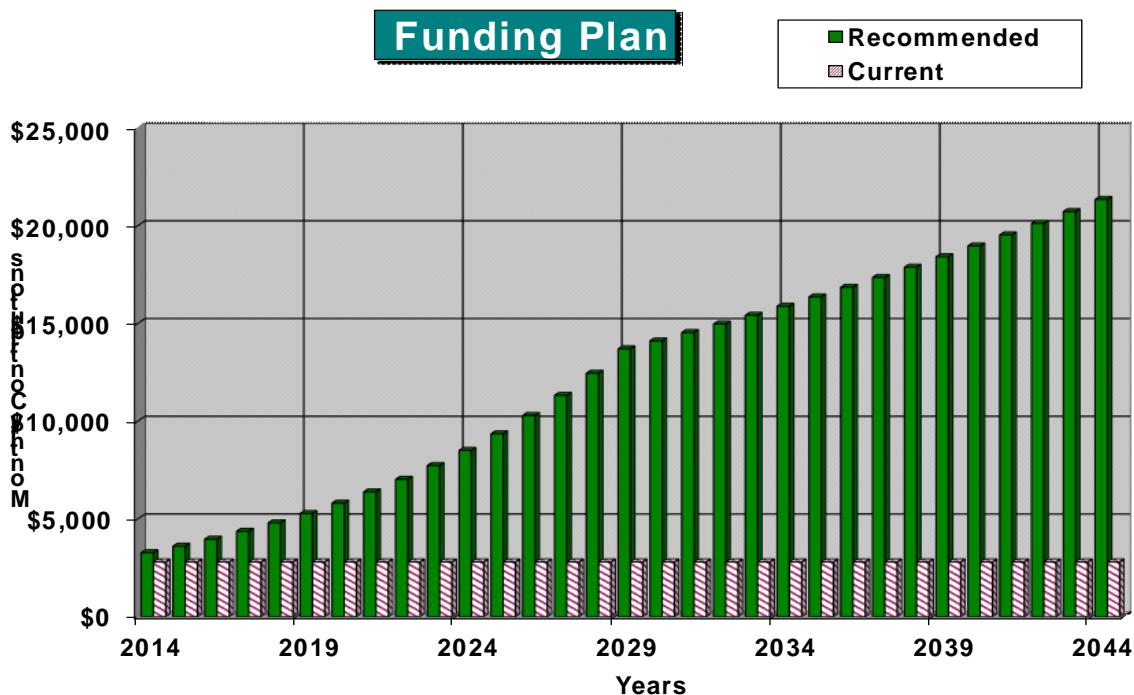


Figure 2

The following chart shows your Reserve balance under our recommended Funding Plan and your current Funding Plan, and your always-changing Fully Funded Balance target.

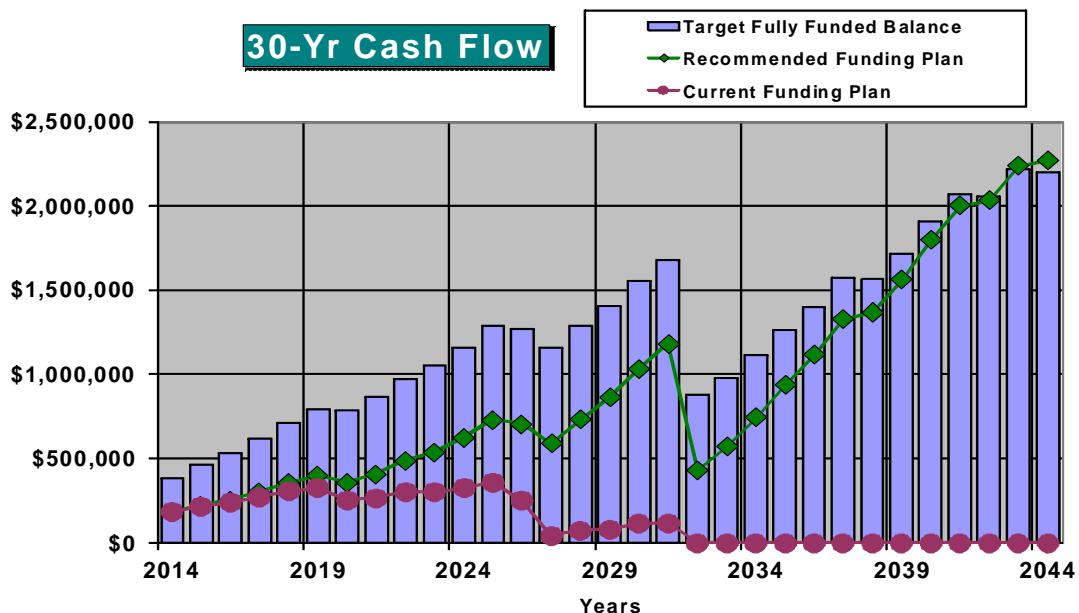


Figure 3

In this figure it is easy to see how your Reserve Fund gradually draws closer to the Fully Funded (100%) level.

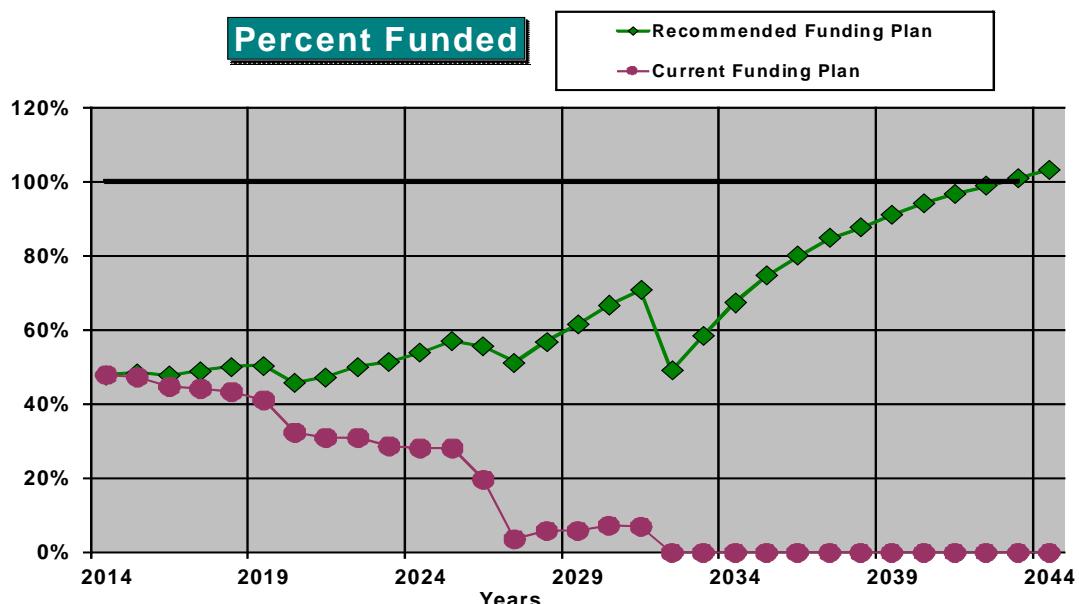


Figure 4

## Table Descriptions

The tabular information in this Report is broken down into five tables.

Table 1 summarizes your funded Reserve Components, and is part of the Executive Report summary that appeared earlier in this Report.

Table 2 provides the main component description, life, and cost factors for all components determined to be appropriate for Reserve designation. This table represents the core information from which all other tables are derived.

Table 3 is presented primarily as an accounting summary page. The results of the individual line item Fully Funded Balance computations are shown. These individual quantities are summed to arrive at the Fully Funded Balance for the association as of the start date of the Report. The figures in the Current Fund Balance column and the Monthly Reserve Contribution column show our distribution throughout the line items. If the association is underfunded, Reserve Funds are distributed first to components with a short Remaining Useful Life. If the association's Reserve Balance is above 100% Funded, funds are distributed evenly for all components. Contribution rates for each component are a proportionate distribution of the total contribution on the basis of the component's significance to the association (current cost divided by useful life). This presentation is not meant to cause clients to redistribute association funds, it simply presents one way to evenly distribute the total among all the different line items.

Table 4: This table provides a one-page 30-year summary of the cash flowing into and out of the association, compared to the Fully Funded Balance for each year.

Table 5: This table shows the cash flow detail for the next 30 years. This table makes it possible to see what components are projected to require repair or replacement each year, and the size of those individual expenses.

**Table 2: Reserve Component List Detail****24561-0**

#	Component	Quantity	Useful Life	Rem. Useful Life	Best Cost	Current Worst Cost
103	Concrete Sidewalk - Repair (part)	Numerous GSF	5	4	\$4,000	\$5,000
109	Deck - Repair (part)	Approx 9,500 GSF	10	4	\$10,000	\$14,000
201	Asphalt - Resurface	Approx 54,500 GSF	20	12	\$68,100	\$81,800
202	Asphalt - Crack Fill	Approx 54,500 GSF	1	0	\$1,200	\$1,500
202	Asphalt - Seal/Repair	Approx 54,500 GSF	5	1	\$10,900	\$16,400
204	Conc. Curb/Gutter - Replace (part)	Numerous GSF	10	9	\$3,000	\$5,000
324	Exterior Wall Lights - Replace	Approx (246) Lights	25	17	\$19,700	\$24,600
403	Mailboxes - Replace	(6) Mail Cluster Boxes	25	17	\$10,200	\$12,000
501	Block Wall - Repair (part)	Numerous GSF	10	6	\$3,000	\$5,000
503	Metal Fence - Replace	Approx 1,800 LF Fence	35	27	\$81,000	\$117,000
505	Concrete Panel Fence - Replace	Approx 1,700 LF	25	17	\$76,500	\$93,500
505	Rail Fence - Replace	Approx 275 LF	25	17	\$5,000	\$6,100
805	Cementious Siding - Replace	Approx 95,700 GSF	40	32	\$382,800	\$574,200
1003	Irrigation Time Clocks - Replace	Approx (2) Rainbird Units	15	8	\$1,200	\$1,600
1005	Trees - Replace (partial)	Numerous Mature Trees	10	8	\$10,000	\$12,000
1107	Metal Fence/Rail - Repaint	Approx 1,800 LF	10	8	\$7,200	\$10,800
1115	Stucco - Repaint	Approx 49,600 GSF	20	12	\$89,300	\$99,200
1116	Wood Surfaces - Repaint	Approx 95,700 GSF	6	5	\$86,100	\$95,700
1119	Stone Siding - Repair	Numerous GSF	10	8	\$2,000	\$3,000
1303	Asphalt Shingle Roof - Replace	Approx 103,700 GSF	25	17	\$285,200	\$311,100
1310	Gutters/Downspouts - Replace	Approx 8,500 LF	25	17	\$42,500	\$59,500
1401	Monument Sign - Refurbish	(1) Monument Sign	12	8	\$2,000	\$3,000
1402	Signage - Replace (part)	Miscellaneous Signs	10	8	\$2,000	\$3,000
23	Total Funded Components					

**Table 3: Contribution and Fund Breakdown****24561-0**

#	Component	Useful Life	Rem. Useful Life	Current (Avg) Cost	Fully Funded Balance	Current Fund Balance	Current Reserve Contributions
103	Concrete Sidewalk - Repair (part)	5	4	\$4,500	\$900	\$900.00	\$43.99
109	Deck - Repair (part)	10	4	\$12,000	\$7,200	\$7,200.00	\$58.66
201	Asphalt - Resurface	20	12	\$74,950	\$29,980	\$29,980.00	\$183.18
202	Asphalt - Crack Fill	1	0	\$1,350	\$1,350	\$1,350.00	\$65.99
202	Asphalt - Seal/Repair	5	1	\$13,650	\$10,920	\$10,920.00	\$133.45
204	Conc. Curb/Gutter - Replace (part)	10	9	\$4,000	\$400	\$400.00	\$19.55
324	Exterior Wall Lights - Replace	25	17	\$22,150	\$7,088	\$7,088.00	\$43.31
403	Mailboxes - Replace	25	17	\$11,100	\$3,552	\$3,552.00	\$21.70
501	Block Wall - Repair (part)	10	6	\$4,000	\$1,600	\$1,600.00	\$19.55
503	Metal Fence - Replace	35	27	\$99,000	\$22,629	\$0.00	\$138.27
505	Concrete Panel Fence - Replace	25	17	\$85,000	\$27,200	\$27,200.00	\$166.20
505	Rail Fence - Replace	25	17	\$5,550	\$1,776	\$1,776.00	\$10.85
805	Cementitious Siding - Replace	40	32	\$478,500	\$95,700	\$0.00	\$584.75
1003	Irrigation Time Clocks - Replace	15	8	\$1,400	\$653	\$653.33	\$4.56
1005	Trees - Replace (partial)	10	8	\$11,000	\$2,200	\$2,200.00	\$53.77
1107	Metal Fence/Rail - Repaint	10	8	\$9,000	\$1,800	\$1,800.00	\$43.99
1115	Stucco - Repaint	20	12	\$94,250	\$37,700	\$37,700.00	\$230.36
1116	Wood Surfaces - Repaint	6	5	\$90,900	\$15,150	\$15,150.00	\$740.56
1119	Stone Siding - Repair	10	8	\$2,500	\$500	\$500.00	\$12.22
1303	Asphalt Shingle Roof - Replace	25	17	\$298,150	\$95,408	\$31,197.33	\$582.96
1310	Gutters/Downspouts - Replace	25	17	\$51,000	\$16,320	\$0.00	\$99.72
1401	Monument Sign - Refurbish	12	8	\$2,500	\$833	\$833.33	\$10.18
1402	Signage - Replace (part)	10	8	\$2,500	\$500	\$500.00	\$12.22
23	Total Funded Components				\$381,359	\$182,500	\$3,280

Table 4: 30-Year Reserve Plan Summary

24561-0

Fiscal Year Beginning: 01/01/14

Interest:

1.0%

Inflation:

3.0%

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	Annual Reserve Contribs.	Loans or Special Assmts	Interest Income	Projected Reserve Expenses
2014	\$182,500	\$381,359	47.9%	Fair	\$39,360	\$0	\$2,024	\$1,350
2015	\$222,534	\$460,523	48.3%	Fair	\$43,296	\$0	\$2,375	\$15,450
2016	\$252,756	\$529,613	47.7%	Fair	\$47,626	\$0	\$2,771	\$1,432
2017	\$301,720	\$617,349	48.9%	Fair	\$52,388	\$0	\$3,287	\$1,475
2018	\$355,920	\$709,872	50.1%	Fair	\$57,627	\$0	\$3,764	\$20,090
2019	\$397,221	\$788,263	50.4%	Fair	\$63,390	\$0	\$3,772	\$106,943
2020	\$357,439	\$781,882	45.7%	Fair	\$69,729	\$0	\$3,827	\$22,687
2021	\$408,308	\$864,496	47.2%	Fair	\$76,702	\$0	\$4,479	\$1,660
2022	\$487,828	\$973,722	50.1%	Fair	\$84,372	\$0	\$5,132	\$38,320
2023	\$539,012	\$1,051,016	51.3%	Fair	\$92,809	\$0	\$5,817	\$12,852
2024	\$624,785	\$1,159,486	53.9%	Fair	\$102,090	\$0	\$6,780	\$1,814
2025	\$731,841	\$1,285,285	56.9%	Fair	\$112,299	\$0	\$7,180	\$146,590
2026	\$704,729	\$1,268,525	55.6%	Fair	\$123,529	\$0	\$6,479	\$243,164
2027	\$591,573	\$1,154,662	51.2%	Fair	\$135,881	\$0	\$6,615	\$1,983
2028	\$732,087	\$1,288,756	56.8%	Fair	\$149,470	\$0	\$7,970	\$27,000
2029	\$862,527	\$1,404,150	61.4%	Fair	\$164,416	\$0	\$9,480	\$2,103
2030	\$1,034,320	\$1,551,785	66.7%	Fair	\$169,349	\$0	\$11,088	\$30,489
2031	\$1,184,268	\$1,677,842	70.6%	Strong	\$174,429	\$0	\$8,081	\$934,189
2032	\$432,589	\$880,196	49.1%	Fair	\$179,662	\$0	\$5,023	\$44,859
2033	\$572,415	\$978,059	58.5%	Fair	\$185,052	\$0	\$6,593	\$17,272
2034	\$746,788	\$1,110,802	67.2%	Fair	\$190,604	\$0	\$8,425	\$6,954
2035	\$938,863	\$1,261,791	74.4%	Strong	\$196,322	\$0	\$10,278	\$27,904
2036	\$1,117,558	\$1,399,475	79.9%	Strong	\$202,212	\$0	\$12,230	\$2,587
2037	\$1,329,413	\$1,571,224	84.6%	Strong	\$208,278	\$0	\$13,473	\$184,826
2038	\$1,366,337	\$1,564,391	87.3%	Strong	\$214,526	\$0	\$14,621	\$36,285
2039	\$1,559,199	\$1,714,443	90.9%	Strong	\$220,962	\$0	\$16,759	\$2,827
2040	\$1,794,094	\$1,907,674	94.0%	Strong	\$227,591	\$0	\$18,961	\$40,975
2041	\$1,999,671	\$2,071,750	96.5%	Strong	\$234,419	\$0	\$20,146	\$222,906
2042	\$2,031,329	\$2,057,831	98.7%	Strong	\$241,451	\$0	\$21,317	\$60,287
2043	\$2,233,810	\$2,215,597	100.8%	Strong	\$248,695	\$0	\$22,497	\$237,424

**Table 5: 30-Year Income/Expense Detail (yrs 0 through 4)****24561-0**

Fiscal Year	2014	2015	2016	2017	2018
# Component					
Starting Reserve Balance	\$182,500	\$222,534	\$252,756	\$301,720	\$355,920
Annual Reserve Contribution	\$39,360	\$43,296	\$47,626	\$52,388	\$57,627
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,024	\$2,375	\$2,771	\$3,287	\$3,764
Total Income	\$223,884	\$268,206	\$303,153	\$357,395	\$417,311
103 Concrete Sidewalk - Repair (part)	\$0	\$0	\$0	\$0	\$5,065
109 Deck - Repair (part)	\$0	\$0	\$0	\$0	\$13,506
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Crack Fill	\$1,350	\$1,391	\$1,432	\$1,475	\$1,519
202 Asphalt - Seal/Repair	\$0	\$14,060	\$0	\$0	\$0
204 Conc. Curb/Gutter - Replace (part)	\$0	\$0	\$0	\$0	\$0
324 Exterior Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
501 Block Wall - Repair (part)	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Concrete Panel Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Rail Fence - Replace	\$0	\$0	\$0	\$0	\$0
805 Cementious Siding - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Time Clocks - Replace	\$0	\$0	\$0	\$0	\$0
1005 Trees - Replace (partial)	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$0	\$0	\$0	\$0
1115 Stucco - Repaint	\$0	\$0	\$0	\$0	\$0
1116 Wood Surfaces - Repaint	\$0	\$0	\$0	\$0	\$0
1119 Stone Siding - Repair	\$0	\$0	\$0	\$0	\$0
1303 Asphalt Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace	\$0	\$0	\$0	\$0	\$0
1401 Monument Sign - Refurbish	\$0	\$0	\$0	\$0	\$0
1402 Signage - Replace (part)	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$1,350	\$15,450	\$1,432	\$1,475	\$20,090
Ending Reserve Balance:	\$222,534	\$252,756	\$301,720	\$355,920	\$397,221

**Table 5: 30-Year Income/Expense Detail (yrs 5 through 9)****24561-0**

Fiscal Year	2019	2020	2021	2022	2023
# Component					
Starting Reserve Balance	\$397,221	\$357,439	\$408,308	\$487,828	\$539,012
Annual Reserve Contribution	\$63,390	\$69,729	\$76,702	\$84,372	\$92,809
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$3,772	\$3,827	\$4,479	\$5,132	\$5,817
Total Income	\$464,382	\$430,995	\$489,488	\$577,332	\$637,637
103 Concrete Sidewalk - Repair (part)	\$0	\$0	\$0	\$0	\$5,871
109 Deck - Repair (part)	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Crack Fill	\$1,565	\$1,612	\$1,660	\$1,710	\$1,761
202 Asphalt - Seal/Repair	\$0	\$16,299	\$0	\$0	\$0
204 Conc. Curb/Gutter - Replace (part)	\$0	\$0	\$0	\$0	\$5,219
324 Exterior Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
501 Block Wall - Repair (part)	\$0	\$4,776	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Concrete Panel Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Rail Fence - Replace	\$0	\$0	\$0	\$0	\$0
805 Cementious Siding - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Time Clocks - Replace	\$0	\$0	\$0	\$1,773	\$0
1005 Trees - Replace (partial)	\$0	\$0	\$0	\$13,934	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$0	\$0	\$11,401	\$0
1115 Stucco - Repaint	\$0	\$0	\$0	\$0	\$0
1116 Wood Surfaces - Repaint	\$105,378	\$0	\$0	\$0	\$0
1119 Stone Siding - Repair	\$0	\$0	\$0	\$3,167	\$0
1303 Asphalt Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace	\$0	\$0	\$0	\$0	\$0
1401 Monument Sign - Refurbish	\$0	\$0	\$0	\$3,167	\$0
1402 Signage - Replace (part)	\$0	\$0	\$0	\$3,167	\$0
Total Expenses	\$106,943	\$22,687	\$1,660	\$38,320	\$12,852
Ending Reserve Balance:	\$357,439	\$408,308	\$487,828	\$539,012	\$624,785

**Table 5: 30-Year Income/Expense Detail (yrs 10 through 14)****24561-0**

Fiscal Year	2024	2025	2026	2027	2028
# Component					
Starting Reserve Balance	\$624,785	\$731,841	\$704,729	\$591,573	\$732,087
Annual Reserve Contribution	\$102,090	\$112,299	\$123,529	\$135,881	\$149,470
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$6,780	\$7,180	\$6,479	\$6,615	\$7,970
Total Income	\$733,655	\$851,319	\$834,736	\$734,070	\$889,526
103 Concrete Sidewalk - Repair (part)	\$0	\$0	\$0	\$0	\$6,807
109 Deck - Repair (part)	\$0	\$0	\$0	\$0	\$18,151
201 Asphalt - Resurface	\$0	\$0	\$106,861	\$0	\$0
202 Asphalt - Crack Fill	\$1,814	\$1,869	\$1,925	\$1,983	\$2,042
202 Asphalt - Seal/Repair	\$0	\$18,895	\$0	\$0	\$0
204 Conc. Curb/Gutter - Replace (part)	\$0	\$0	\$0	\$0	\$0
324 Exterior Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
501 Block Wall - Repair (part)	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Concrete Panel Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Rail Fence - Replace	\$0	\$0	\$0	\$0	\$0
805 Cementious Siding - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Time Clocks - Replace	\$0	\$0	\$0	\$0	\$0
1005 Trees - Replace (partial)	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$0	\$0	\$0	\$0
1115 Stucco - Repaint	\$0	\$0	\$134,378	\$0	\$0
1116 Wood Surfaces - Repaint	\$0	\$125,827	\$0	\$0	\$0
1119 Stone Siding - Repair	\$0	\$0	\$0	\$0	\$0
1303 Asphalt Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace	\$0	\$0	\$0	\$0	\$0
1401 Monument Sign - Refurbish	\$0	\$0	\$0	\$0	\$0
1402 Signage - Replace (part)	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$1,814	\$146,590	\$243,164	\$1,983	\$27,000
Ending Reserve Balance:	\$731,841	\$704,729	\$591,573	\$732,087	\$862,527

**Table 5: 30-Year Income/Expense Detail (yrs 15 through 19)****24561-0**

Fiscal Year	2029	2030	2031	2032	2033
# Component					
Starting Reserve Balance	\$862,527	\$1,034,320	\$1,184,268	\$432,589	\$572,415
Annual Reserve Contribution	\$164,416	\$169,349	\$174,429	\$179,662	\$185,052
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$9,480	\$11,088	\$8,081	\$5,023	\$6,593
Total Income	\$1,036,423	\$1,214,757	\$1,366,778	\$617,274	\$764,060
103 Concrete Sidewalk - Repair (part)	\$0	\$0	\$0	\$0	\$7,891
109 Deck - Repair (part)	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Crack Fill	\$2,103	\$2,166	\$2,231	\$2,298	\$2,367
202 Asphalt - Seal/Repair	\$0	\$21,904	\$0	\$0	\$0
204 Conc. Curb/Gutter - Replace (part)	\$0	\$0	\$0	\$0	\$7,014
324 Exterior Wall Lights - Replace	\$0	\$0	\$36,611	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$18,347	\$0	\$0
501 Block Wall - Repair (part)	\$0	\$6,419	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Concrete Panel Fence - Replace	\$0	\$0	\$140,492	\$0	\$0
505 Rail Fence - Replace	\$0	\$0	\$9,173	\$0	\$0
805 Cementious Siding - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Time Clocks - Replace	\$0	\$0	\$0	\$0	\$0
1005 Trees - Replace (partial)	\$0	\$0	\$0	\$18,727	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$0	\$0	\$15,322	\$0
1115 Stucco - Repaint	\$0	\$0	\$0	\$0	\$0
1116 Wood Surfaces - Repaint	\$0	\$0	\$150,244	\$0	\$0
1119 Stone Siding - Repair	\$0	\$0	\$0	\$4,256	\$0
1303 Asphalt Shingle Roof - Replace	\$0	\$0	\$492,797	\$0	\$0
1310 Gutters/Downspouts - Replace	\$0	\$0	\$84,295	\$0	\$0
1401 Monument Sign - Refurbish	\$0	\$0	\$0	\$0	\$0
1402 Signage - Replace (part)	\$0	\$0	\$0	\$4,256	\$0
Total Expenses	\$2,103	\$30,489	\$934,189	\$44,859	\$17,272
Ending Reserve Balance:	\$1,034,320	\$1,184,268	\$432,589	\$572,415	\$746,788

**Table 5: 30-Year Income/Expense Detail (yrs 20 through 24)****24561-0**

Fiscal Year	2034	2035	2036	2037	2038
# Component					
Starting Reserve Balance	\$746,788	\$938,863	\$1,117,558	\$1,329,413	\$1,366,337
Annual Reserve Contribution	\$190,604	\$196,322	\$202,212	\$208,278	\$214,526
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$8,425	\$10,278	\$12,230	\$13,473	\$14,621
Total Income	\$945,816	\$1,145,463	\$1,331,999	\$1,551,164	\$1,595,485
103 Concrete Sidewalk - Repair (part)	\$0	\$0	\$0	\$0	\$9,148
109 Deck - Repair (part)	\$0	\$0	\$0	\$0	\$24,394
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Crack Fill	\$2,438	\$2,511	\$2,587	\$2,664	\$2,744
202 Asphalt - Seal/Repair	\$0	\$25,393	\$0	\$0	\$0
204 Conc. Curb/Gutter - Replace (part)	\$0	\$0	\$0	\$0	\$0
324 Exterior Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
501 Block Wall - Repair (part)	\$0	\$0	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Concrete Panel Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Rail Fence - Replace	\$0	\$0	\$0	\$0	\$0
805 Cementious Siding - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Time Clocks - Replace	\$0	\$0	\$0	\$2,763	\$0
1005 Trees - Replace (partial)	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$0	\$0	\$0	\$0
1115 Stucco - Repaint	\$0	\$0	\$0	\$0	\$0
1116 Wood Surfaces - Repaint	\$0	\$0	\$0	\$179,399	\$0
1119 Stone Siding - Repair	\$0	\$0	\$0	\$0	\$0
1303 Asphalt Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace	\$0	\$0	\$0	\$0	\$0
1401 Monument Sign - Refurbish	\$4,515	\$0	\$0	\$0	\$0
1402 Signage - Replace (part)	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$6,954	\$27,904	\$2,587	\$184,826	\$36,285
Ending Reserve Balance:	\$938,863	\$1,117,558	\$1,329,413	\$1,366,337	\$1,559,199

**Table 5: 30-Year Income/Expense Detail (yrs 25 through 29)****24561-0**

Fiscal Year	2039	2040	2041	2042	2043
# Component					
Starting Reserve Balance	\$1,559,199	\$1,794,094	\$1,999,671	\$2,031,329	\$2,233,810
Annual Reserve Contribution	\$220,962	\$227,591	\$234,419	\$241,451	\$248,695
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$16,759	\$18,961	\$20,146	\$21,317	\$22,497
Total Income	\$1,796,921	\$2,040,646	\$2,254,236	\$2,294,097	\$2,505,002
103 Concrete Sidewalk - Repair (part)	\$0	\$0	\$0	\$0	\$10,605
109 Deck - Repair (part)	\$0	\$0	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Crack Fill	\$2,827	\$2,911	\$2,999	\$3,089	\$3,181
202 Asphalt - Seal/Repair	\$0	\$29,437	\$0	\$0	\$0
204 Conc. Curb/Gutter - Replace (part)	\$0	\$0	\$0	\$0	\$9,426
324 Exterior Wall Lights - Replace	\$0	\$0	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
501 Block Wall - Repair (part)	\$0	\$8,626	\$0	\$0	\$0
503 Metal Fence - Replace	\$0	\$0	\$219,908	\$0	\$0
505 Concrete Panel Fence - Replace	\$0	\$0	\$0	\$0	\$0
505 Rail Fence - Replace	\$0	\$0	\$0	\$0	\$0
805 Cementious Siding - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Time Clocks - Replace	\$0	\$0	\$0	\$0	\$0
1005 Trees - Replace (partial)	\$0	\$0	\$0	\$25,167	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$0	\$0	\$20,591	\$0
1115 Stucco - Repaint	\$0	\$0	\$0	\$0	\$0
1116 Wood Surfaces - Repaint	\$0	\$0	\$0	\$0	\$214,212
1119 Stone Siding - Repair	\$0	\$0	\$0	\$5,720	\$0
1303 Asphalt Shingle Roof - Replace	\$0	\$0	\$0	\$0	\$0
1310 Gutters/Downspouts - Replace	\$0	\$0	\$0	\$0	\$0
1401 Monument Sign - Refurbish	\$0	\$0	\$0	\$0	\$0
1402 Signage - Replace (part)	\$0	\$0	\$0	\$5,720	\$0
Total Expenses	\$2,827	\$40,975	\$222,906	\$60,287	\$237,424
Ending Reserve Balance:	\$1,794,094	\$1,999,671	\$2,031,329	\$2,233,810	\$2,267,578

## Accuracy, Limitations, and Disclosures

Because we have no control over future events, we cannot claim that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect that financial institutions will provide interest earnings on funds on-deposit. We believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. The things we can control are measurements, which we attempt to establish within 5% accuracy. Your starting Reserve Balance and current Reserve interest earnings are also numbers that can be identified with a high degree of certainty. These figures have been provided to us, and were not confirmed by our independent research. Our projections assume a stable economic environment and lack of natural disasters.

Because both the physical status and financial status of the association change each year, this Reserve Study is by nature a “one-year” document. This information can and should be adjusted annually as part of the Reserve Study Update process so that more accurate estimates can be reflected in the Reserve plan. Reality often differs from even the best assumptions due to changing economic factors, physical factors, or ownership expectations. Because many years of financial preparation help the preparation for large expenses, this Report shows expenses for the next 30 years. We fully expect a number of adjustments will be necessary through the interim years to both the cost and timing of distant expense projections. It is our recommendation and that of the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually.

Association Reserves, Inc., and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Carmine R. DeLisio, RS, company president, is a Colorado licensed General Contractor (Licensed #15126), and credentialed Reserve Specialist (#184). All work done by Association Reserves - Colorado is performed under his Responsible Charge. There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the association’s situation.

We have relied upon the client to provide the current (or projected) Reserve Balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the Reserve Fund. In addition, we have considered the association’s representation of current and historical Reserve projects reliable, and we have considered the representations made by its vendors and suppliers to also be accurate and reliable.

Component quantities indicated in this Report were developed by Association Reserves unless otherwise noted in our “Site Inspection Notes” comments. No destructive or intrusive testing was performed, nor should the site inspection be assumed to be anything other than for budget purposes.

## Terms and Definitions

<b>BTU</b>	British Thermal Unit (a standard unit of energy)
<b>DIA</b>	Diameter
<b>GSF</b>	Gross Square Feet (area)
<b>GSY</b>	Gross Square Yards (area)
<b>HP</b>	Horsepower
<b>LF</b>	Linear Feet (length)

**Effective Age:** The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.

**Fully Funded Balance (FFB):** The Reserve Balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This benchmark balance represents the value of the deterioration of the Reserve Components. This number is calculated for each component, then summed together for an association total.

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age}) / \text{Useful Life}$$

**Inflation:** Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on Table 5.

**Interest:** Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary, page ii.

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

**Remaining Useful Life:** The estimated time, in years, that a common area component can be expected to continue to serve its intended function.

**Useful Life:** The estimated time, in years, that a common area component can be expected to serve its intended function.

## Photographic Inventory Appendix

**Client: 24561A Townes at Kettle Creek HOA****Comp #: 103 Concrete Sidewalk - Repair (part)**

Quantity: Numerous GSF

Location: Throughout community

Evaluation: Concrete sidewalks are in overall good condition with any remaining damaged areas reportedly being replaced in 2013. Recommend ongoing inspections and repairs to any trip hazard areas first, then seal and repair any developing cracks over 1/4" wide to mitigate moisture penetration and prevent deterioration.

Useful Life:  
5 years

Remaining Life:  
4 years



Best Case: \$4,000.00

Lower allowance to repair portions

Worst Case: \$5,000.00

Higher allowance to repair portions

Cost Source: ARI Cost Database

**Comp #: 109 Deck - Repair (part)**

Quantity: Approx 9,500 GSF

Location: Unit balconies

Evaluation: Decking was not closely inspected due to access issues but appears in overall good condition with no significant signs of damage. Allowance is to repair decking and seal as needed, with no anticipation of replacing all of the decking at the same time.

Useful Life:  
10 years

Remaining Life:  
4 years



Best Case: \$10,000.00

Lower allowance to repair a portion

Worst Case: \$14,000.00

Higher allowance to repair a portion

Cost Source: ARI Cost Database

Client: 24561A Townes at Kettle Creek HOA

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**Comp #:** 201 Asphalt - Resurface

Quantity: Approx 54,500 GSF

Location: Streets and drives

Evaluation: Asphalt appears in overall good condition with some signs of edge and surface cracking and patches in some areas. Recommend repairing any cracks to mitigate moisture penetration, which will accelerate subsurface deterioration of the asphalt.

Useful Life:  
20 years

Remaining Life:  
12 years



Best Case: \$68,100.00

\$1.25/GSF - Lower allowance to resurface

Worst Case: \$81,800.00

\$1.50/GSF - Higher allowance to resurface

Cost Source: Research with Local Contractor - Rocky Mountain Paving

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**Comp #:** 202 Asphalt - Crack Fill

Quantity: Approx 54,500 GSF

Location: Streets and drives

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

Useful Life:  
1 years

Remaining Life:  
0 years



Best Case: \$1,200.00

Lower allowance to crack fill

Worst Case: \$1,500.00

Higher allowance to crack fill

Cost Source: ARI Cost Database

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Client: 24561A Townes at Kettle Creek HOA

**Comp #:** 202 Asphalt - Seal/Repair

Quantity: Approx 54,500 GSF

Location: Streets and drives

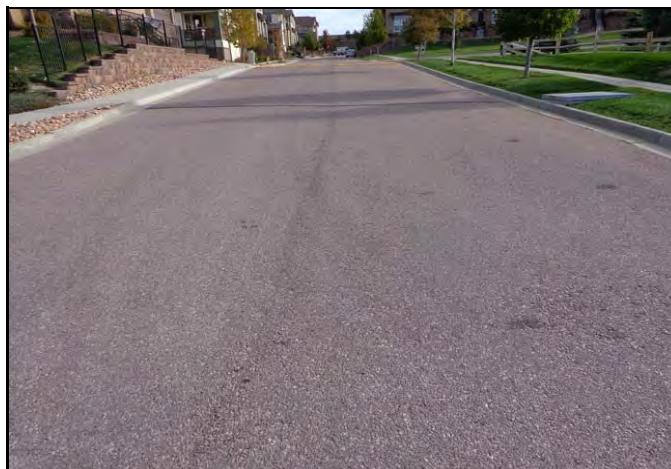
Evaluation: Asphalt surface is in fair to poor condition with significant dryness and loss of seal material noted. Seal coating does not add any structural integrity to the asphalt. However, seal coating protects the asphalt from UV deterioration and fills cracks typically no larger than 1/16". Recommend yearly inspections and crack/fill work to mitigate any subsurface moisture.

Useful Life:

5 years

Remaining Life:

1 years



Best Case: \$10,900.00

\$=.20/GSF - Lower allowance to reseal

Worst Case: \$16,400.00

\$=.30/GSF - Higher allowance to reseal

Cost Source: Research with Local Contractor - Rocky Mountain Paving

**Comp #:** 204 Conc. Curb/Gutter - Replace (part)

Quantity: Numerous GSF

Location: Streets and drives

Evaluation: Concrete curb and gutters are in overall good condition with isolated areas of chips or cracks which reportedly will be replaced in 2013. On an ongoing basis, repair and replace curb and gutter to mitigate any subsurface moisture. Cycle this component with asphalt repair work when possible.

Useful Life:

10 years

Remaining Life:

9 years



Best Case: \$3,000.00

Lower allowance for replacement of sections

Worst Case: \$5,000.00

Higher allowance for replacement of sections

Cost Source: ARI Cost Database

**Client: 24561A Townes at Kettle Creek HOA****Comp #: 324 Exterior Wall Lights - Replace**

Quantity: Approx (246) Lights

Location: Exterior of units

Evaluation: Metal light fixtures with single bulbs mounted on exterior of the units are in good condition. Bulb replacement is the responsibility of the homeowner. As fixtures age, uniformed replacement will be necessary to maintain an aesthetic appeal.

Useful Life:  
25 years

Remaining Life:  
17 years



Best Case: \$19,700.00

\$80/fixture - Lower allowance to replace

Worst Case: \$24,600.00

\$100/fixture - Higher allowance to replace

Cost Source: Research with Vendor - Lighting Universe

**Comp #: 403 Mailboxes - Replace**

Quantity: (6) Mail Cluster Boxes

Location: Common areas

Evaluation: Cluster box units appear to be the responsibility of the HOA. As reported by Growth Management a division of the Postal Service (719) 570-5415, numbers stenciled and painted on the boxes starting with the first two numbers of the last two digits of the zip code, followed by a 3 digit number for a total of 5 digits are designated as the responsibility of the postal service. Boxes marked with 4 digits are typically designated as HOA responsibility. Boxes include: 64 personal, 8 parcel, and 4 outgoing.

Useful Life:  
25 years

Remaining Life:  
17 years



Best Case: \$10,200.00

\$1,700/box - Lower allowance to replace

Worst Case: \$12,000.00

\$2,000/box - Higher allowance to replace

Cost Source: Research with Vendor - Mailboxes.com

## Client: 24561A Townes at Kettle Creek HOA

**Comp #:** 501 Block Wall - Repair (part)

Quantity: Numerous GSF

Location: Throughout community

Evaluation: Extensive MSE (Mechanically Stabilized Earth Walls) are located throughout the community and appear in overall good condition. Walls are usually constructed with masonry block, geo-grid, select fill material, and drainage pipe at bottom of wall. Recommend periodic inspections to ensure wall is intact and no signs of movement are observed. These type walls tend to have a very long useful life (50 to 75 years) if maintained properly. Allowance is to repair walls as needed, with no anticipation of complete replacement at one time.

Useful Life:  
10 years

Remaining Life:  
6 years



Best Case: \$3,000.00

Lower allowance for repairs

Worst Case: \$5,000.00

Higher allowance for repairs

Cost Source: ARI Cost Database

**Comp #:** 503 Metal Fence - Replace

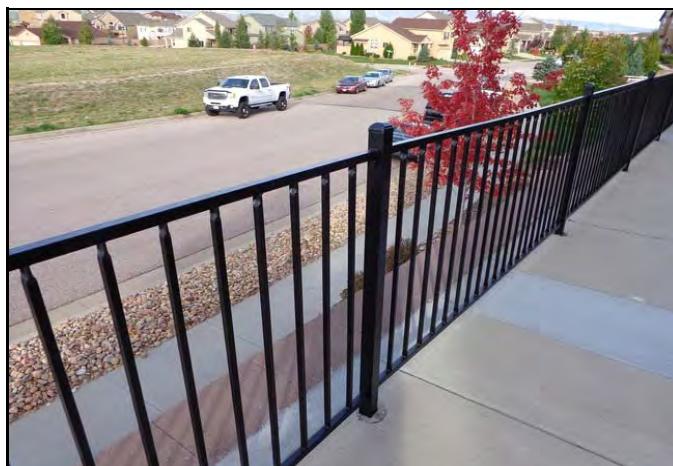
Quantity: Approx 1,800 LF Fence

Location: Adjacent to walks and stairs

Evaluation: Metal fence is in good condition with no significant signs of rust or damage. Recommend maintaining fence by ensuring paint and surface integrity are intact. Treat rust prior to painting. Funding is for complete replacement of fence to maintain property appearance and safety design.

Useful Life:  
35 years

Remaining Life:  
27 years



Best Case: \$81,000.00

\$45/LF - Lower allowance to replace

Worst Case: \$117,000.00

\$65/LF - Higher allowance to replace

Cost Source: ARI Cost Database

## Client: 24561A Townes at Kettle Creek HOA

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**Comp #: 505 Concrete Panel Fence - Replace**

Quantity: Approx 1,700 LF

Location: Perimeter of property

Evaluation: 6-foot high privacy fence is an interlocking concrete block system with concrete columns. Walls throughout community are in good condition with some noted stress cracking. Anticipate eventual replacement due to movement caused by wind loads. Recommend replacement with another structural type wall that is better able to withstand wind and snow loads.

Useful Life:  
25 years

Remaining Life:  
17 years



Best Case: \$76,500.00

\$45/LF - Lower allowance to replace

Worst Case: \$93,500.00

\$55/LF - Higher allowance to replace

Cost Source: ARI Cost Database

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**Comp #: 505 Rail Fence - Replace**

Quantity: Approx 275 LF

Location: Drainage area

Evaluation: Wood rail fence is in good condition with no noted signs of fading, warped boards or loose posts. Useful life may vary depending on lumber grade of cedar used, integrity of posts (how well they are secured), and exposure to the elements.

Useful Life:  
25 years

Remaining Life:  
17 years



Best Case: \$5,000.00

\$18/LF - Lower allowance to replace

Worst Case: \$6,100.00

\$22/LF - Higher allowance to replace

Cost Source: Research with Local Contractor - Split Rail Fence Co.

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**Client: 24561A Townes at Kettle Creek HOA**

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**Comp #:** 805 Cementious Siding - Replace

Quantity: Approx 95,700 GSF

Location: Building exteriors

Evaluation: Cementious siding appears to be a James Hardie Board product or similar, and appears in overall good condition. Recommend following manufacturer's maintenance guidelines. Hardie Board advertised a 50 year warranty on product only. However, Hardie Board siding has not been in continual use in the U.S. for 50 years to establish a product history. Due to the lack of a long term product history, and the fact that James Hardie has reduced their warranty to 30 years for product installed after 2009, our recommendation is to shorten the useful life of this component, with the expectation that updating the reserve study on an ongoing basis will reflect any necessary future adjustments to the condition of the siding.

Useful Life:

40 years

Remaining Life:

32 years



Best Case: \$382,800.00

\$4/GSF - Lower allowance to replace

Worst Case: \$574,200.00

\$6/GSF - Higher allowance to replace

Cost Source: Research with Local Contractor - DC Construction

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# Association Reserves Colorado

# Inventory Appendix

Client: 24561A Townes at Kettle Creek HOA

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**Comp #:** 1003 Irrigation Time Clocks - Replace

Quantity: Approx (2) Rainbird Units

Location: Common area

Evaluation: Rainbird units run (24) to (40) zones each throughout the community and use rain sensor technology to ensure proper watering rates. Time clocks are mounted outside and are used and maintained by landscape contractor.

Useful Life:  
15 years

Remaining Life:  
8 years



Best Case: \$1,200.00

\$600/unit - Lower allowance for replacement

Worst Case: \$1,600.00

\$800/unit - Higher allowance for replacement

Cost Source: ARI Cost Database

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**Comp #:** 1005 Trees - Replace (partial)

Quantity: Numerous Mature Trees

Location: Common areas

Evaluation: Trees and vegetation are mature and appear in overall good condition. Funding is for ongoing replacement of trees and vegetation due to winter kill and disease.

Useful Life:  
10 years

Remaining Life:  
8 years



Best Case: \$10,000.00

Lower allowance for partial replacement

Worst Case: \$12,000.00

Higher allowance for partial replacement

Cost Source: ARI Cost Database

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**Client: 24561A Townes at Kettle Creek HOA****Comp #: 1025 Drainage - Clean and Maintain**

Quantity: (1) Detention Area

Location: Community entrance

Evaluation: No drainage problems were reported at the time of our inspection. The system is assumed to have been properly designed with adequate provisions for community drainage needs. As routine maintenance, inspect regularly, keep drains and grates free of debris and free flowing to ensure water evacuating as designed. Pump out sediments if needed utilizing mobile evacuator service; fund from operating budget. No expectation of large scale repairs/replacement at this time. No reserve funding suggested.

Useful Life:



Remaining Life:

Best Case:

Worst Case:

Cost Source:

**Comp #: 1102 Garage Doors - Replace**

Quantity: Approx (82) Doors

Location: Unit exteriors

Evaluation: The metal roll up garage doors are reported to be the responsibility of the unit owners to replace. Recommend regular paint, in conjunction with other exterior paint projects to maintain appearance and protect the metal surface from the elements. No reserve funding is recommended.

Useful Life:



Remaining Life:

Best Case:

Worst Case:

Cost Source:

**Client: 24561A Townes at Kettle Creek HOA****Comp #:** 1107 Metal Fence/Rail - Repaint

Quantity: Approx 1,800 LF

Location: Throughout community

Evaluation: Metal surfaces consist of approximately 1,760 LF of fence and 20 LF of railing. Metal surfaces are in good condition with limited signs of rust or damage. Metal has a powder coated or painted finish that once damaged, will require restoring and protecting from surface moisture. Due to prohibitive costs of removing fence to re-powder coat, funding is based on maintaining fence by treating rust and painting. Recommend yearly inspections to identify and treat damaged areas in order to avoid additional future costs to repair.

Useful Life:  
10 years

Remaining Life:  
8 years



Best Case: \$7,200.00

\$4/LF - Lower allowance to paint

Worst Case: \$10,800.00

\$6/LF - Higher allowance to paint

Cost Source: Research with Local Contractor - Platinum Coatings

**Comp #:** 1115 Stucco - Repaint

Quantity: Approx 49,600 GSF

Location: Exterior building surfaces

Evaluation: Stucco is in good condition. Recommend yearly inspections to ensure flashing and transition areas of different materials are intact and caulked properly. Also inspect the surface for any cracks, holes, or penetrations. Surface integrity is critical in ensuring the useful life of this component.

Useful Life:  
20 years

Remaining Life:  
12 years



Best Case: \$89,300.00

\$1.80/GSF - Lower allowance to repaint

Worst Case: \$99,200.00

\$2.00/GSF - Higher allowance repaint

Cost Source: Research with Local Contractor - RT Stucco

**Client: 24561A Townes at Kettle Creek HOA**

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**Comp #:** 1116 Wood Surfaces - Repaint

Quantity: Approx 95,700 GSF

Location: Exterior of buildings

Evaluation: Paint is in overall good condition with a major project recently completed in 2013. Recommend inspecting annually and caulking around areas of wood to stucco transition where necessary. Preventing moisture penetration via cracks (wood shrinking around stucco, or at transitions) is critical in maintaining exterior components.



Useful Life:

6 years

Remaining Life:

5 years

Best Case: \$86,100.00

\$0.90/GSF - Lower allowance to repaint

Worst Case: \$95,700.00

\$1.10/GSF - Higher allowance to repaint

Cost Source: Client Cost History

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**Comp #:** 1119 Stone Siding - Repair

Quantity: Numerous GSF

Location: Exterior of buildings

Evaluation: Synthetic stone is in variable dimensions around the base and face of the buildings and is used to provide aesthetic appeal. Stone appears to be in good condition but may loosen periodically. Allowance should be used to inspect and repair or re-secure material and repoint grout as needed.



Useful Life:

10 years

Remaining Life:

8 years

Best Case: \$2,000.00

Lower allowance to repair

Worst Case: \$3,000.00

Higher allowance to repair

Cost Source: ARI Cost Database

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Client: 24561A Townes at Kettle Creek HOA

**Comp #:** 1303 Asphalt Shingle Roof - Replace

Quantity: Approx 103,700 GSF

Location: Rooftop of buildings

Evaluation: Asphalt shingles appear in overall good condition with no noted areas of raised or buckled shingles. Roofs were not inspected closely. Anticipate a shorter useful life than advertised by the manufacturer due to extreme weather conditions. Recommend yearly inspections by a qualified roofer to ensure roof and flashings are intact and maintained.

Useful Life:  
25 years

Remaining Life:  
17 years



Best Case: \$285,200.00

\$2.75/GSF - Lower allowance to replace

Worst Case: \$311,100.00

\$3.00/GSF - Higher allowance to replace

Cost Source: Research with Local Contractor - Empire Roofing

**Comp #:** 1310 Gutters/Downspouts - Replace

Quantity: Approx 8,500 LF

Location: Unit buildings

Evaluation: Gutters and downspouts are in overall good condition. Recommend ensuring downspouts are clean and not damaged and are allowing water to flow away from the building and foundation. Cycle this component with roof replacement.

Useful Life:  
25 years

Remaining Life:  
17 years



Best Case: \$42,500.00

\$5/LF - Lower allowance to replace

Worst Case: \$59,500.00

\$7/LF - Higher allowance to replace

Cost Source: ARI Cost Database

**Client: 24561A Townes at Kettle Creek HOA****Comp #:** 1401 Monument Sign - Refurbish

Quantity: (1) Monument Sign

Location: Community entrance

Evaluation: Monument sign is in good condition with no signs of cracked stucco, missing stone or missing finish on the lettering. Funding is to refurbish monuments periodically to maintain the appearance of the community.

Useful Life:  
12 yearsRemaining Life:  
8 years

Best Case: \$2,000.00

Lower allowance to refurbish

Worst Case: \$3,000.00

Higher allowance to refurbish

Cost Source: ARI Cost Database

**Comp #:** 1402 Signage - Replace (part)

Quantity: Miscellaneous Signs

Location: Entrances and streets

Evaluation: Informational, entry and street signage is located throughout the community and at common areas, and appears to be in overall good condition. Funding is to replace portions due to wear, age and vandalism.

Useful Life:  
10 yearsRemaining Life:  
8 years

Best Case: \$2,000.00

Lower allowance to replace portions

Worst Case: \$3,000.00

Higher allowance to replace portions

Cost Source: ARI Cost Database