

Meadow Vale Farm HOA
Co. Hwy 119 & Weld Co. Road #5.5
Longmont, CO 80504



Level 1 Reserve Analysis
Original Reserve Study with Property Inspection

Report Period – 06/01/05 – 05/31/06

Client Reference Number – 04072
Property Type – Detached Home Community
Number of Units – 88
Fiscal Year End – December 31

Date of Property Inspection – December 3, 2004
Report Prepared by – G. Michael Kelsen
Property Inspected by - G. Michael Kelsen
Main Contact Person - Mr. Bob Reed
Property Manager

**Final
Version**

Report was prepared on - Monday, March 21, 2005

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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 Meadow Vale Farm HOA -

Association ID # - 04072

Projected Starting Balance as of June 1, 2005 -	\$63,285
Ideal Reserve Balance as of June 1, 2005 -	\$224,920
Percent Funded as of June 1, 2005 -	28%
Recommended Reserve Allocation (per month) -	\$3,400
Minimum Reserve Allocation (per month) -	\$3,350
Recommended Special Assessment -	\$0

Information to complete this Reserve Analysis was gathered during a property inspection of the common area elements on December 3, 2004. In addition, we obtained information by contacting local vendors and contractors, 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 contains 88 detached homes within a community that are primarily acreage lots. The property was constructed about 8 years ago and is generally in good condition at this time. The maintenance responsibilities of the association include private streets, perimeter fencing, a mailbox center, a greenbelt area, and an extensive irrigation system and pond. There have not been any major Reserve projects completed recently. However, there are several projects that will need to be addressed within the next couple years. These projects include, but are not limited to, repairing the perimeter wood fence (to be completed as an operating expense), seal coating the streets, and repainting the signs and mailbox center.

In comparing the projected balance of \$63,285 versus the ideal Reserve Balance of \$224,920, we find the association Reserve fund to be on the low side of an average financial position (only 28% funded of ideal) at this time. Associations in this position are in danger of falling into a category where Special Assessments and deferred maintenance are likely. Based on the information contained within this report, we find the current Reserve allocation (\$1,195 per month) to be less than sufficient in strengthening the account for future Reserve projects. We recommend a moderate increase to the Reserve contribution to \$3,400 per month (representing an increase of a little more than \$25.00 per unit per month), followed by nominal annual increases of 2.0% to 4.5% thereafter to help offset the effects of inflation. By following the recommendation, the plan will maintain the Reserve account in a positive manner, while gradually increasing to a fully funded position within the thirty-year period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$3,350 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where Special Assessments, deferred maintenance, and lower property values are extremely 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 (only \$0.57 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 Metal Roof - Replace



Observations:

No unusual conditions observed with this roof. Metal roofs have an extensive life expectancy under normal conditions and this material should not rust or corrode. Therefore, due to an extended replacement cycle, no Reserve funding is required at this time.

Location: Mailbox center, pump house

Quantity: Approx. 10 squares

Life Expectancy: N/A *Remaining Life:*

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

<p>mailbox center - 7 squares pump house - 3 squares</p>
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Comp #: 303 Wood Surfaces - Repair/Paint



Observations:

The paint on all of the wood surfaces is dry and peeling. We suggest painting the mailbox structure and wood signs as soon as possible to protect the material from cracking, warping, and deteriorating. The association has reported this expense will be treated as a Reserve expense every 5 years. Repairs should be completed at the same time as part of prep work. In this environment, it is recommended that wood surfaces are painted at least every 4 - 5 years.

Location: Mailbox center, street/entry signs

General Notes:

Quantity: Approx. 275 GSF, 7 signs

Life Expectancy: 5 *Remaining Life:* 0

Best Cost: \$1,000

Estimate to repaint building and signs

Worst Cost: \$1,250

Higher estimate for more prep costs

Source of Information: Cost database

Comp #: 306 Brick - Replace



Observations:

All brick surfaces were in good condition with no unusual problems noted. Brick materials have a very long life expectancy and replacement is unlikely. Therefore, no Reserve funding is required for replacement of this component.

Location: Mailbox center

Quantity: Approx. 1500 GSF

Life Expectancy: N/A *Remaining Life:*

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

<p>mailbox center - 1000 GSF pump house - 500 GSF</p>
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Comp #: 401 Asphalt - Overlay



Observations:

Evidence of significant crack fill throughout entire community. In addition, there was some significant raveling at the south entrance drive. It was reported this area will be repaired in 2005. These streets were installed to a greater depth than required by Weld County, and a fly ash was used as a base material prior to installing the asphalt. While this quality of application may provide an extensive life expectancy, the asphalt still needs to be maintained and seal coated on a regular basis. With proper maintenance and based on the quality of the application, we estimate the resurfacing cycle to range between 20 - 25 years. The remaining life is based on the age of the surface and the current conditions.

Location: Private streets through community

Quantity: Approx. 270,270 GSF

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

Best Cost: \$0
\$.65/GSF; Estimate for a 2" overlay

Worst Cost: \$0
\$.75/GSF; Higher estimate for additional repairs

Source of Information: Cost database

General Notes:

- mailbox center - 4960 GSF
- South entrance - 14560 GSF
- Meadow Vale Road - 165580 GSF
- Blue Mtn. Road - 48620 GSF
- JCK place - 9450 GSF
- Homestead Place - 12560 GSF
- Meadowlark Place - 14540 GSF

Comp #: 402 Asphalt - Seal Coat/crack fill



Observations:

All streets are dry and in need of a seal coat. In this environment, seal coating is recommended at least every 2 - 3 years. The association has requested to seal coat 1/3rd of the area every other year. This would put the sections on a 6 year cycle, which is too long for this environment. We suggest seal coating 1/3rd of the area every year, or the entire area every 3 years. Factors that influence the timing of seal coating includes level of traffic, weather (snow, rain, etc.), and the quality of past applications. In between seal cycles, we recommend crack filling and making repairs as needed with general maintenance funds. Based on condition, we suggest seal coating all surfaces after the winter season.

Location: Private streets throughtout community

Quantity: Approx. 270,270 GSF

Life Expectancy: 2 **Remaining Life:** 0

Best Cost: \$5,400

Estimate to seal coat 1/3rd of the area every year

Worst Cost: \$7,200

\$.08/GSF; Higher estimate for some repairs

Source of Information: Cost database

General Notes:

- mailbox center - 4960 GSF
- South entrance - 14560 GSF
- Meadow Vale Road - 165580 GSF
- Blue Mtn. Road - 48620 GSF
- JCK place - 9450 GSF
- Homestead Place - 12560 GSF
- Meadowlark Place - 14540 GSF



Comp #: 506 Windows - Replace



Observations:

No current problems with broken windows. While these windows do not protect a living or habitable space, over a period of time, the windows will need to be replaced. This typically occurs every 25 - 30 years. The remaining life is based on age and current conditions. If windows are vandalized, then replacement should occur immediately with general operating funds.

Location: Mailbox center

Quantity: (11) Assorted windows

Life Expectancy: 30 *Remaining Life:* 19

Best Cost: \$4,400

\$400/window; Average estimate to replace

Worst Cost: \$5,500

\$500/window; Higher average

Source of Information: Cost database

General Notes:

- (8) 2x5 windows
- (2) 3x7 glass doors
- (1) 3x7 panel window

Comp #: 601 Concrete Surfaces - Repair



Observations:

The drive area is beginning to show signs of spalling and minor cracking. The walkway area is in good condition with no major problems noted, other than a few cracks. Concrete surfaces are subject to gradual deterioration in these elements. It is unlikely that all concrete surfaces will need to be replaced at the same time. It was reported by the client that repairs will occur on an as needed basis with general operating funds. Therefore, no Reserve funding is required for this component.

Location: Mailbox center

Quantity: Approx. 1,115 GSF

Life Expectancy: N/A *Remaining Life:*

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

Comp #: 801 Monument Sign - Replace



Observations:

The signs has a general worn appearance with faded and peeling paint, along with some cracked and split materials. The painting can be done as a maintenance issue to improve the overall appearance. Wood signs typically need to be replaced every 10 - 15 years, depending on the level of maintenance and quality of the materials. The estimated replacement cost is for a sign of similar design and materials. If the association decides to upgrade materials, a higher replacement cost should be anticipated.

Location: Main entrance to property

Quantity: (1) Wood sign

Life Expectancy: 15 *Remaining Life:* 7

Best Cost: \$3,000

Estimate to replace

Worst Cost: \$4,000

Higher estimate for more elaborate deisgn

Source of Information: Cost database

General Notes:

Comp #: 803 Mailboxes - Replace



Observations:

These mailboxes are located inside a room and are protected from the elements. During our research, the USPS reported the association is responsible for replacement of these CBU's (cluster box units) when necessary. It was reported they used to replace these, but this no longer applies to this jurisdiction. However, the association reported the USPS said they will replace since they were the ones that initially installed the boxes. Therefore, per the clients request, we have not included Reserve funding for these boxes. If the association were to be responsible for replacement, expect to replace every 20 years at a cost of approximately \$9,000.

Location: Mailbox center

General Notes:

Quantity: (6) 16 box CBU's

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

Best Cost: \$0

Worst Cost: \$0

Source of Information:

Comp #: 808 Street Signs - Replace



Observations:

In general, the signs are legible and sturdy, but some of the posts are beginning to split. Similar to the monument sign, the wood should be stained or painted to protect the material from deterioration. In order to maintain a consistent appearance throughout the property, we suggest planning on replacement at the same time as the entrance monument sign. By having the same contractor perform the work, this will also keep the replacement cost to a reasonable amount. If upgraded materials are used during replacement, then the useful life can be adjusted in future Reserve Study updates.

Location: Intersections of streets

Quantity: (6) Assorted wood signs

Life Expectancy: 15 *Remaining Life:* 7

Best Cost: \$1,500
\$250/sign; Estimate to replace

Worst Cost: \$1,800
\$300/sign; Higher estimate for upgraded materials

Source of Information: Cost database

General Notes:

Comp #: 1009 Rail Fencing - Replace



Observations:

Conditions vary throughout community, but the majority of the fence is in good condition and the areas that were tested were stable and intact. A few rails were either broken or had slipped out of the support posts. There was one post that had broken at the base, causing the rails to fall to the ground. The client reported annual repairs will be budgeted in the operating account. However, complete replacement should be anticipated every 20 - 25 years. The remaining life is based on the observed condition of the fence throughout the property. At unit #2250, about 260 LF was recently installed and is new.

Location: Perimeter of property, lots

Quantity: Approx. 20,175 LF

Life Expectancy: 20 **Remaining Life:** 12

Best Cost: \$201,750
\$10/LF; Estimate to replace

Worst Cost: \$242,100
\$12/LF; Higher estimate for better quality

Source of Information: Cost database

General Notes:

By mailbox center - 221, 1873 - 423, 1897 - 243, 1921 - 207, 1935 - 216, 1959 - 207, 1971 - 126, 2040 - 315, 2060 - 216, 2067 - 162, 2055 - 198, 2143 - 306, 2390 - 270, 2378 - 207, 2366 - 351, 2359 - 225, 2371 - 0, 2385 - 0, 2274 - 0, 2262 - 396, 11279 - 297, 2220 - 387, 2204 - 126, 2186 - 441, 2174 - 513, 2154 - 189, 2130 - 495, 2068 - 441, 2046 - 198, 2020 - 207, 1990 - 207, 1962 - 216, 1940 - 189, 1926 - 207, 1908 - 198, 1886 - 0, 1868 - 216, 1842 - 0, 1820 - 0, 1798 - 198, 1774 - 477, 1964 - 153, 1942 - 108, 1896 - 108, 1872 - 360, 2034 - 315, 2047 - 243, 2171 - 0, 2189 - 0, 2211 - 0, 2243 - 0, 2250 - 405, 2232 - 180, 2208 - 135, 2178 - 378, 2110 - 351, 2080 - 153, 2056 - 396, 2197 - 414, 2173 - 180, 2155 - 225, 2141 - 288, 2135 - 288, 2132 - 297, 2150 - 207, 2168 - 180, 2091 - 450, 2157 - 117, 2133 - 198, 2111 - 126, 2087 - 162, 2043 - 162, 2009 - 162, 2000 - 333, 2016 - 126, 2032 - 396, 1982 - 99, 1998 - 189, 2004 - 207, 2010 - 477, 2062 - 486, 2090 - 171, 2118 - 117, 2138 - 99, 2031 - 414, 1993 -

Comp #: 1704 Irrigation Supply Pond - Renovate



Observations:

Before pond was developed and filled, it was treated with fly ash to prevent seepage into the soils. It is filled from natural sources that is provided to the association from the Oligarchy Ditch Company. According to the company that designed the system, this pond should have an indefinite life expectancy and should not require any major maintenance. Occasionally, it may need to be dredged to accommodate the correct amount of water, but there are too many factors to determine the frequency of this and how much it would cost at the time. It is recommended that this maintenance is treated as a separate issue from the Reserve account.

Location: Behind unit #2034

General Notes:

Quantity: Moderate sized pond

Life Expectancy: N/A *Remaining Life:*

Best Cost: \$0

Worst Cost: \$0

Source of Information:

Comp #: 1705 Pumps - Replace

Picture Unavailable

Picture Unavailable

Observations:

Unable to access pump room at time of inspection. No reported problems with the pumps at time of preparing this report. According to the maintenance company, these pumps should have a life expectancy of 18 - 20 years if maintained properly. The remaining life is based on the age of the system.

Location: Inside pump house

Quantity: (3) Assorted pumps

Life Expectancy: 18 *Remaining Life:* 10

Best Cost: \$15,000

Estimate to replace

Worst Cost: \$20,000

Higher estimate

Source of Information: Research with Metron

General Notes:

<p>Pump #1 - Grundfos GPM - 104 RPM - 3600 7.5 HP</p> <p>Pump #2 - Peerless GPM - 425 RPM - 1800 30 HP</p> <p>Pump #3 - Peerless GPM - 425 RPM - 1800 30 HP</p>



Comp #: 1707 Irrigation Control Panel - Replace

Picture Unavailable

Picture Unavailable

Observations:

Unable to access pump room at time of inspection. According to the irrigation design company, this panel should have a life expectancy of 20 years. Remaining life is based on age of unit.

Location: Pump room

Quantity: (1) Control panel

Life Expectancy: 20 *Remaining Life:* 12

Best Cost: \$25,000

Estimate to replace

Worst Cost: \$30,000

Higher estimate

Source of Information: Research with Metron

General Notes:

Comp #: 1806 Crushed Gravel Paths - Replenish



Observations:

After the draft report was sent out, we were able to go by the property and re-inspect the condition of the pathways. There was some evidence of a few washouts and loss of gravel throughout the pathways. Typically, replenishment of gravel occurs on an as needed basis with general operating funds. However, the association has requested we include a line item to replenish the pathways every 10 years. Based on the observed conditions, we anticipate next replenishment will occur in about 5 years.

Location: Greenbelt areas

General Notes:

Quantity: Approx. 35,350 GSF

Life Expectancy: 10 Remaining Life: 5

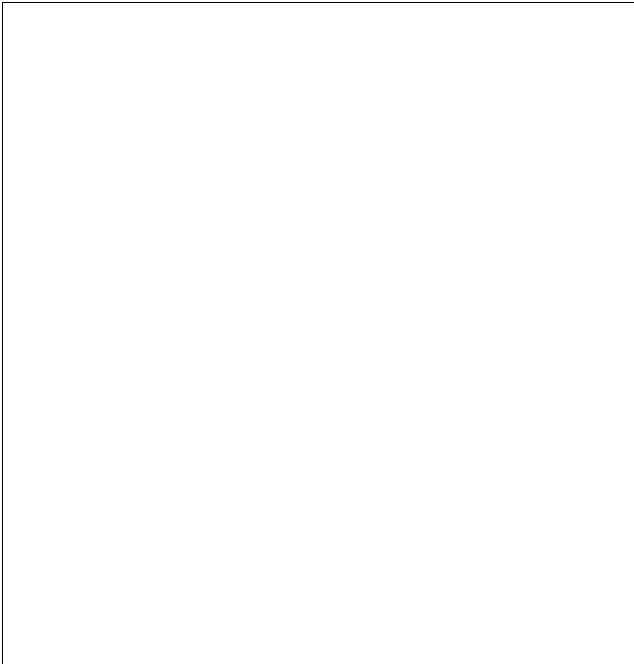
Best Cost: \$44,200

\$1.25/GSF; Allowance to replenish gravel

Worst Cost: \$53,000

\$1.50/GSF; Higher estimate for more material

Source of Information: Research with local provider



Funding Summary For Meadow Vale Farm HOA

Beginning Assumptions

Financial Information Source	Research With Client
# of units	88
Fiscal Year End	31-May
Budgeted Monthly Dues	\$9,175
Budgeted Monthly Reserve Allocation	\$1,195
Projected Starting Reserve Balance	\$63,285
Ideal Starting Reserve Balance	\$224,920

Economic Factors

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

Current Reserve Status

Current Balance as a % of Ideal Balance	28%
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Recommendations

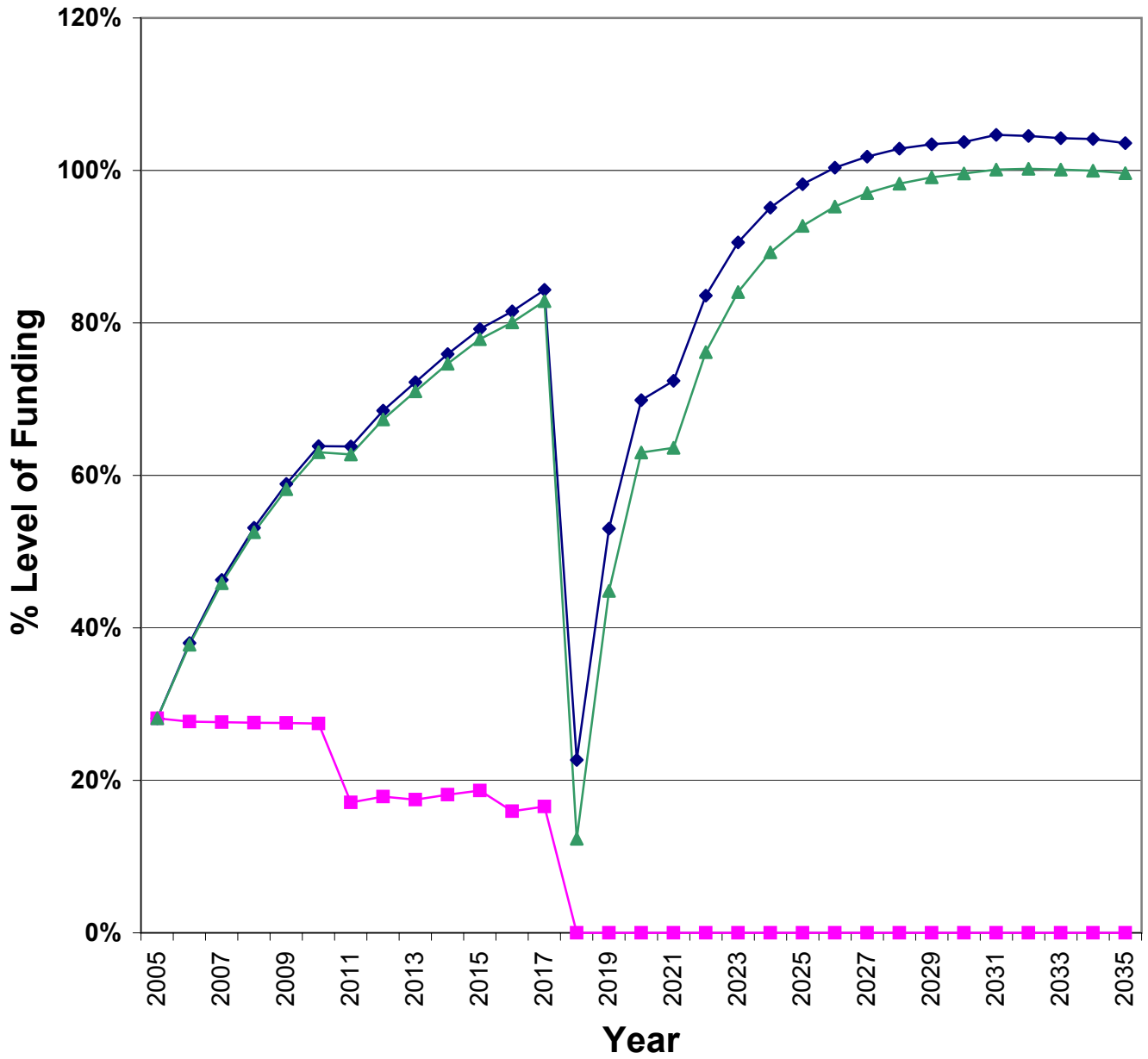
Reserve Allocation	\$3,400
Per Unit	\$38.64
Minimum Reserve Allocation	\$3,350
Per Unit	\$38.07
Primary Annual Increases	4.50%
# of Years	12
Secondary Annual Increases	2.00%
# of Years	18
Special Assessment (2005)	\$0
Per Unit	\$0

Changes From Prior Year

Increase/Decrease to Reserve Allocation	\$2,205
as Percentage	185%
Per Unit	\$25.06

Percent Funded Graph For Meadow Vale Farm HOA

Percent Funded



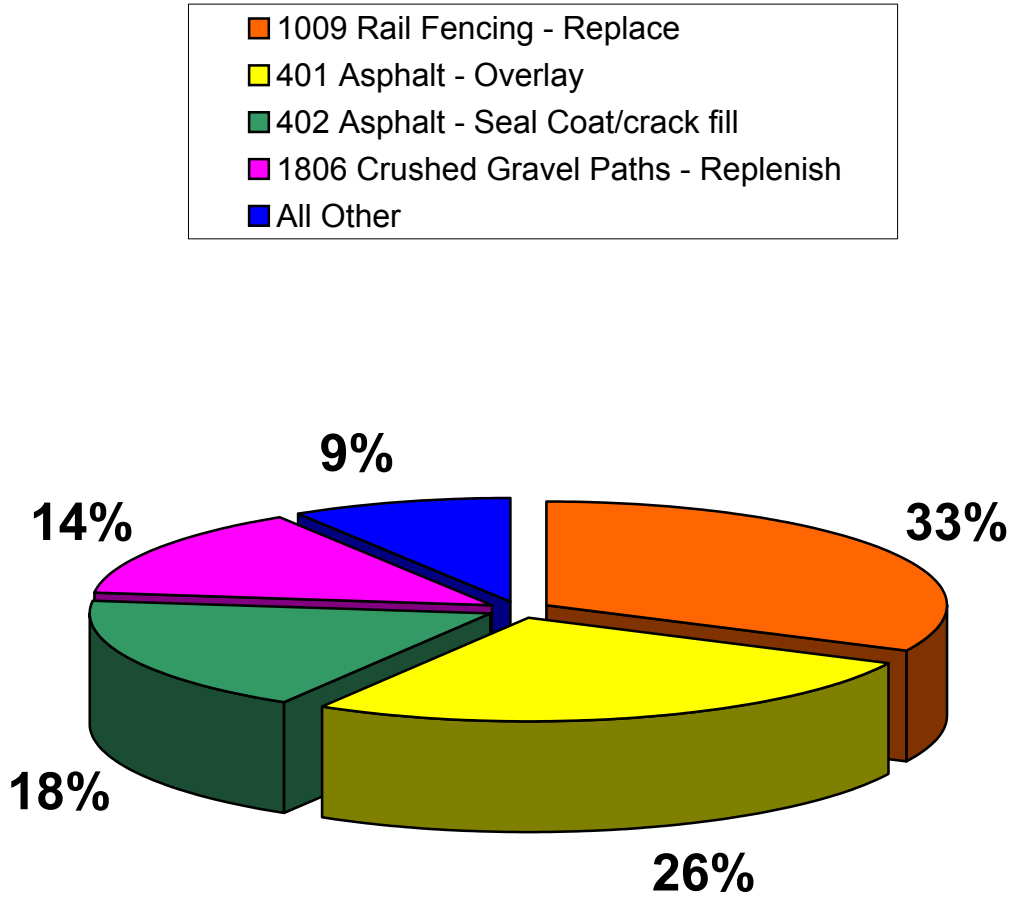
Component Inventory for Meadow Vale Farm HOA

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	105	Metal Roof - Replace	N/A		\$0	\$0
Siding Materials	303	Wood Surfaces - Repair/Paint	5	0	\$1,000	\$1,250
	306	Brick - Replace	N/A		\$0	\$0
Drive Materials	401	Asphalt - Overlay	N/A		\$0	\$0
	402	Asphalt - Seal Coat/crack fill	2	0	\$5,400	\$7,200
Property Access	506	Windows - Replace	30	19	\$4,400	\$5,500
Decking	601	Concrete Surfaces - Repair	N/A		\$0	\$0
Prop. Identification	801	Monument Sign - Replace	15	7	\$3,000	\$4,000
	803	Mailboxes - Replace	N/A		\$0	\$0
	808	Street Signs - Replace	15	7	\$1,500	\$1,800
Fencing	1009	Rail Fencing - Replace	20	12	\$201,750	\$242,100
Irrig. System	1704	Irrigation Supply Pond - Renovate	N/A		\$0	\$0
	1705	Pumps - Replace	18	10	\$15,000	\$20,000
	1707	Irrigation Control Panel - Replace	20	12	\$25,000	\$30,000
Landscaping	1806	Crushed Gravel Paths - Replenish	10	5	\$44,200	\$53,000

Significant Components For Meadow Vale Farm HOA

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
303	Wood Surfaces - Repair/Paint	5	0	\$1,125	\$225	0.6551%
401	Asphalt - Overlay	21	12	\$189,200	\$9,010	26.2314%
402	Asphalt - Seal Coat/crack fill	1	0	\$6,300	\$6,300	18.3426%
506	Windows - Replace	30	19	\$4,950	\$165	0.4804%
801	Monument Sign - Replace	15	7	\$3,500	\$233	0.6794%
808	Street Signs - Replace	15	7	\$1,650	\$110	0.3203%
1009	Rail Fencing - Replace	20	12	\$221,925	\$11,096	32.3069%
1705	Pumps - Replace	18	10	\$17,500	\$972	2.8306%
1707	Irrigation Control Panel - Replace	20	12	\$27,500	\$1,375	4.0033%
1806	Crushed Gravel Paths - Replenish	10	5	\$48,600	\$4,860	14.1500%

Significant Components Graph For Meadow Vale Farm HOA



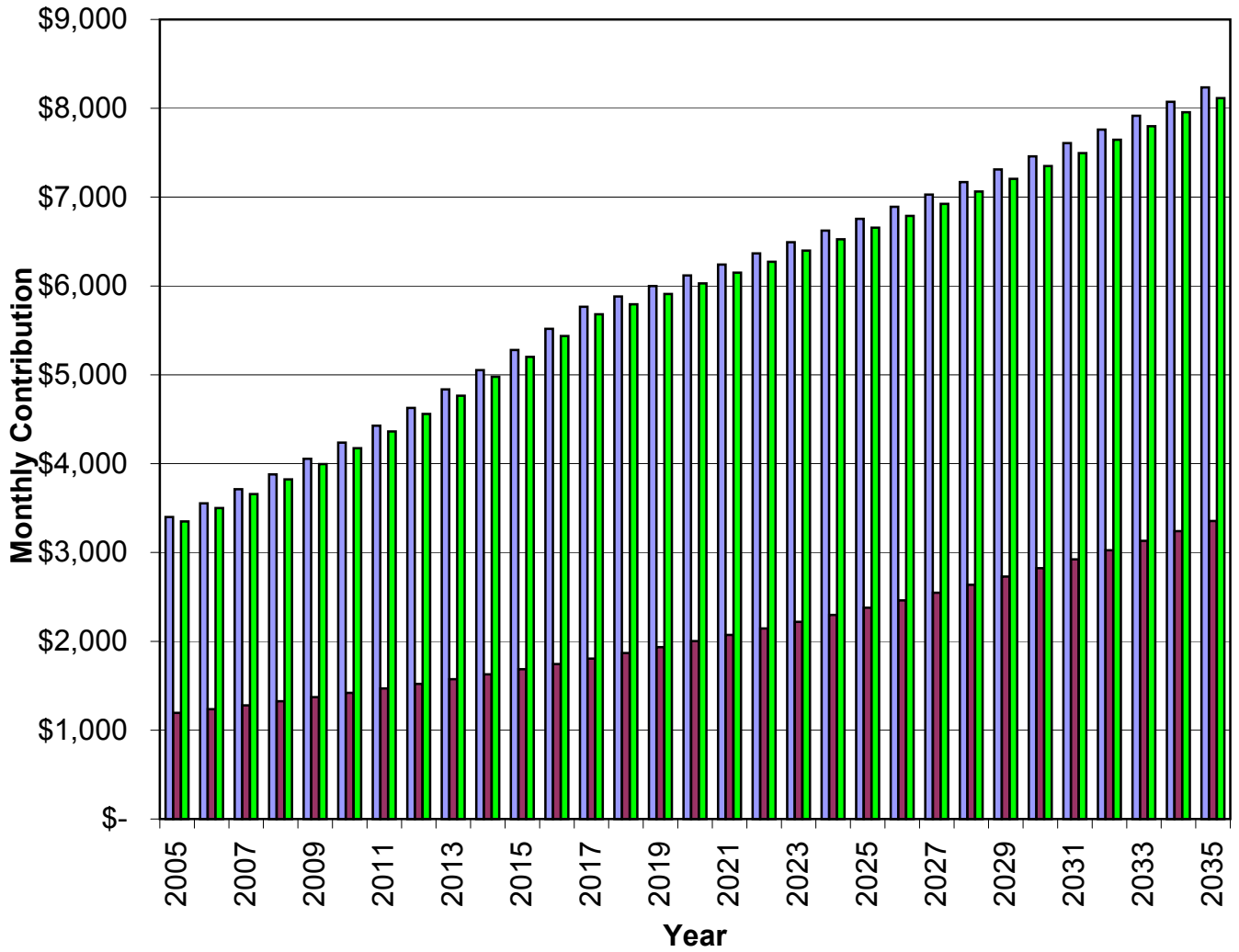
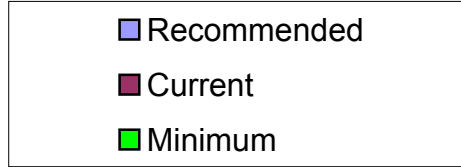
Asset ID	Asset Name	UL	RUL	Significance: (Curr Cost/UL)		
				Average Curr. Cost	As \$	As %
1009	Rail Fencing - Replace	20	12	\$221,925	\$11,096	32%
401	Asphalt - Overlay	21	12	\$189,200	\$9,010	26%
402	Asphalt - Seal Coat/crack fill	1	0	\$6,300	\$6,300	18%
1806	Crushed Gravel Paths - Replenish	10	5	\$48,600	\$4,860	14%
All Other	See Expanded Table For Breakdown				\$3,081	9%

Yearly Summary For Meadow Vale Farm HOA

Year	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Interest Income	Reserve Expenses
2005	\$224,920	\$63,285	28%	\$40,800	\$2,432	\$7,425
2006	\$260,656	\$99,092	38%	\$42,636	\$3,563	\$6,521
2007	\$299,823	\$138,771	46%	\$44,555	\$4,796	\$6,749
2008	\$341,412	\$181,373	53%	\$46,560	\$6,118	\$6,985
2009	\$385,545	\$227,066	59%	\$48,655	\$7,536	\$7,229
2010	\$432,350	\$276,028	64%	\$50,844	\$8,157	\$66,540
2011	\$420,833	\$268,489	64%	\$53,132	\$8,857	\$7,744
2012	\$471,245	\$322,733	68%	\$55,523	\$10,439	\$14,568
2013	\$517,889	\$374,128	72%	\$58,022	\$12,136	\$8,296
2014	\$574,239	\$435,990	76%	\$60,633	\$14,053	\$8,586
2015	\$633,900	\$502,089	79%	\$63,361	\$15,700	\$35,159
2016	\$669,841	\$545,991	82%	\$66,212	\$17,474	\$9,198
2017	\$735,665	\$620,479	84%	\$69,192	\$9,700	\$672,312
2018	\$119,287	\$27,059	23%	\$70,576	\$1,747	\$9,853
2019	\$168,860	\$89,529	53%	\$71,987	\$3,663	\$10,198
2020	\$221,758	\$154,981	70%	\$73,427	\$4,403	\$93,861
2021	\$191,929	\$138,950	72%	\$74,896	\$5,199	\$10,924
2022	\$248,980	\$208,121	84%	\$76,394	\$7,320	\$11,306
2023	\$309,790	\$280,528	91%	\$77,921	\$9,540	\$11,702
2024	\$374,552	\$356,286	95%	\$79,480	\$11,717	\$21,628
2025	\$433,618	\$425,855	98%	\$81,069	\$13,961	\$14,774
2026	\$504,238	\$506,111	100%	\$82,691	\$16,454	\$12,974
2027	\$581,667	\$592,281	102%	\$84,345	\$18,063	\$24,406
2028	\$652,537	\$671,147	103%	\$86,032	\$20,583	\$13,899
2029	\$739,415	\$764,790	103%	\$87,752	\$23,383	\$14,385
2030	\$831,575	\$862,535	104%	\$89,507	\$24,518	\$132,401
2031	\$807,655	\$845,224	105%	\$91,297	\$25,725	\$15,410
2032	\$906,924	\$947,974	105%	\$93,123	\$28,794	\$15,949
2033	\$1,012,152	\$1,055,156	104%	\$94,986	\$31,298	\$62,360
2034	\$1,076,178	\$1,120,371	104%	\$96,885	\$33,916	\$17,085

Yearly Summary For Meadow Vale Farm HOA

Reserve Contributions



Component Funding Information For Meadow Vale Farm HOA

ID	Component Name	Ave Current Cost	Future Cost	Ideal Balance	Current Fund Balance	Monthly
303	Wood Surfaces - Repair/Paint	\$1,125	\$1,336	\$1,125	\$1,125	\$22.27
401	Asphalt - Overlay	\$189,200	\$285,894	\$81,086	\$21,036	\$891.87
402	Asphalt - Seal Coat/crack fill	\$6,300	\$6,521	\$6,300	\$6,300	\$623.65
506	Windows - Replace	\$4,950	\$9,516	\$1,815	\$0	\$16.33
801	Monument Sign - Replace	\$3,500	\$4,453	\$1,867	\$1,867	\$23.10
808	Street Signs - Replace	\$1,650	\$2,099	\$880	\$880	\$10.89
1009	Rail Fencing - Replace	\$221,925	\$335,344	\$88,770	\$0	\$1,098.44
1705	Pumps - Replace	\$17,500	\$24,685	\$7,778	\$7,778	\$96.24
1707	Irrigation Control Panel - Replace	\$27,500	\$41,554	\$11,000	\$0	\$136.11
1806	Crushed Gravel Paths - Replenish	\$48,600	\$57,722	\$24,300	\$24,300	\$481.10

Yearly Cash Flow For Meadow Vale Farm HOA

Year	2005	2006	2007	2008	2009
Starting Balance	\$63,285	\$99,092	\$138,771	\$181,373	\$227,066
<i>Reserve Income</i>	\$40,800	\$42,636	\$44,555	\$46,560	\$48,655
<i>Interest Earnings</i>	\$2,432	\$3,563	\$4,796	\$6,118	\$7,536
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$106,517	\$145,292	\$188,122	\$234,051	\$283,257
Reserve Expenditures	\$7,425	\$6,521	\$6,749	\$6,985	\$7,229
Ending Balance	\$99,092	\$138,771	\$181,373	\$227,066	\$276,028

Year	2010	2011	2012	2013	2014
Starting Balance	\$276,028	\$268,489	\$322,733	\$374,128	\$435,990
<i>Reserve Income</i>	\$50,844	\$53,132	\$55,523	\$58,022	\$60,633
<i>Interest Earnings</i>	\$8,157	\$8,857	\$10,439	\$12,136	\$14,053
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$335,029	\$330,478	\$388,696	\$444,285	\$510,675
Reserve Expenditures	\$66,540	\$7,744	\$14,568	\$8,296	\$8,586
Ending Balance	\$268,489	\$322,733	\$374,128	\$435,990	\$502,089

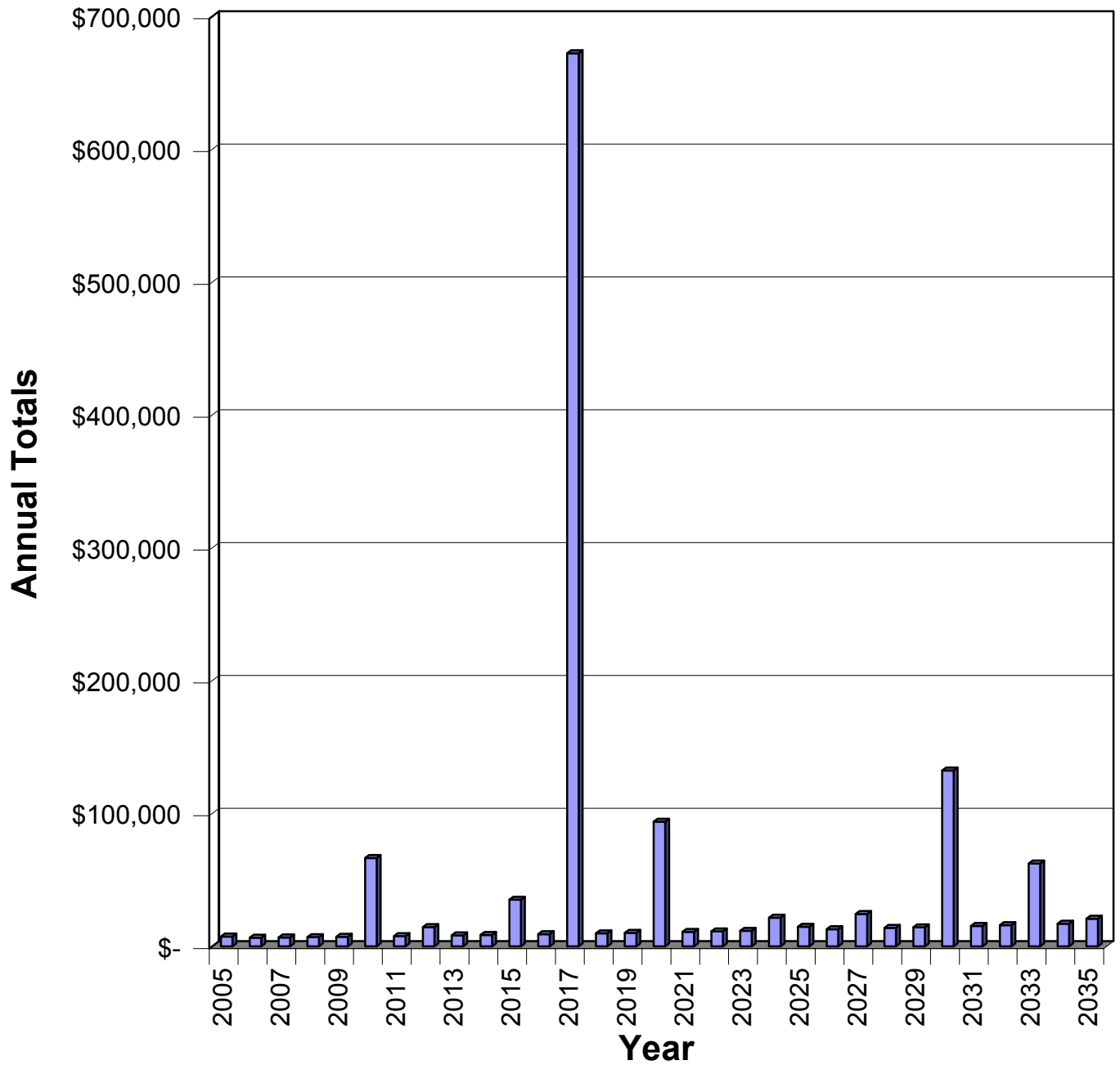
Year	2015	2016	2017	2018	2019
Starting Balance	\$502,089	\$545,991	\$620,479	\$27,059	\$89,529
<i>Reserve Income</i>	\$63,361	\$66,212	\$69,192	\$70,576	\$71,987
<i>Interest Earnings</i>	\$15,700	\$17,474	\$9,700	\$1,747	\$3,663
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$581,150	\$629,677	\$699,372	\$99,382	\$165,179
Reserve Expenditures	\$35,159	\$9,198	\$672,312	\$9,853	\$10,198
Ending Balance	\$545,991	\$620,479	\$27,059	\$89,529	\$154,981

Year	2020	2021	2022	2023	2024
Starting Balance	\$154,981	\$138,950	\$208,121	\$280,528	\$356,286
<i>Reserve Income</i>	\$73,427	\$74,896	\$76,394	\$77,921	\$79,480
<i>Interest Earnings</i>	\$4,403	\$5,199	\$7,320	\$9,540	\$11,717
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$232,811	\$219,045	\$291,834	\$367,989	\$447,483
Reserve Expenditures	\$93,861	\$10,924	\$11,306	\$11,702	\$21,628
Ending Balance	\$138,950	\$208,121	\$280,528	\$356,286	\$425,855

Year	2025	2026	2027	2028	2029
Starting Balance	\$425,855	\$506,111	\$592,281	\$671,147	\$764,790
<i>Reserve Income</i>	\$81,069	\$82,691	\$84,345	\$86,032	\$87,752
<i>Interest Earnings</i>	\$13,961	\$16,454	\$18,926	\$21,511	\$24,378
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$520,885	\$605,256	\$695,552	\$778,689	\$876,920
Reserve Expenditures	\$14,774	\$12,974	\$24,406	\$13,899	\$14,385
Ending Balance	\$506,111	\$592,281	\$671,147	\$764,790	\$862,535

Year	2030	2031	2032	2033	2034
Starting Balance	\$862,535	\$845,224	\$947,974	\$1,055,156	\$1,120,371
<i>Reserve Income</i>	\$89,507	\$91,297	\$93,123	\$94,986	\$96,885
<i>Interest Earnings</i>	\$25,582	\$26,862	\$30,007	\$32,590	\$35,291
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$977,625	\$963,383	\$1,071,104	\$1,182,731	\$1,252,547
Reserve Expenditures	\$132,401	\$15,410	\$15,949	\$62,360	\$17,085
Ending Balance	\$845,224	\$947,974	\$1,055,156	\$1,120,371	\$1,235,462

Reserve Expenditures



Projected Reserve Expenditures For Meadow Vale Farm HOA

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2005	303	Wood Surfaces - Repair/Paint	\$1,125	
	402	Asphalt - Seal Coat/crack fill	\$6,300	\$7,425
2006	402	Asphalt - Seal Coat/crack fill	\$6,521	\$6,521
2007	402	Asphalt - Seal Coat/crack fill	\$6,749	\$6,749
2008	402	Asphalt - Seal Coat/crack fill	\$6,985	\$6,985
2009	402	Asphalt - Seal Coat/crack fill	\$7,229	\$7,229
2010	303	Wood Surfaces - Repair/Paint	\$1,336	
	402	Asphalt - Seal Coat/crack fill	\$7,482	
	1806	Crushed Gravel Paths - Replenish	\$57,722	\$66,540
2011	402	Asphalt - Seal Coat/crack fill	\$7,744	\$7,744
2012	402	Asphalt - Seal Coat/crack fill	\$8,015	
	801	Monument Sign - Replace	\$4,453	
	808	Street Signs - Replace	\$2,099	\$14,568
2013	402	Asphalt - Seal Coat/crack fill	\$8,296	\$8,296
2014	402	Asphalt - Seal Coat/crack fill	\$8,586	\$8,586
2015	303	Wood Surfaces - Repair/Paint	\$1,587	
	402	Asphalt - Seal Coat/crack fill	\$8,887	
	1705	Pumps - Replace	\$24,685	\$35,159
2016	402	Asphalt - Seal Coat/crack fill	\$9,198	\$9,198
2017	401	Asphalt - Overlay	\$285,894	
	402	Asphalt - Seal Coat/crack fill	\$9,520	
	1009	Rail Fencing - Replace	\$335,344	
	1707	Irrigation Control Panel - Replace	\$41,554	\$672,312
2018	402	Asphalt - Seal Coat/crack fill	\$9,853	\$9,853
2019	402	Asphalt - Seal Coat/crack fill	\$10,198	\$10,198
2020	303	Wood Surfaces - Repair/Paint	\$1,885	
	402	Asphalt - Seal Coat/crack fill	\$10,555	
	1806	Crushed Gravel Paths - Replenish	\$81,422	\$93,861
2021	402	Asphalt - Seal Coat/crack fill	\$10,924	\$10,924
2022	402	Asphalt - Seal Coat/crack fill	\$11,306	\$11,306
2023	402	Asphalt - Seal Coat/crack fill	\$11,702	\$11,702
2024	402	Asphalt - Seal Coat/crack fill	\$12,112	
	506	Windows - Replace	\$9,516	\$21,628
2025	303	Wood Surfaces - Repair/Paint	\$2,239	
	402	Asphalt - Seal Coat/crack fill	\$12,536	\$14,774
2026	402	Asphalt - Seal Coat/crack fill	\$12,974	\$12,974
2027	402	Asphalt - Seal Coat/crack fill	\$13,429	
	801	Monument Sign - Replace	\$7,460	
	808	Street Signs - Replace	\$3,517	\$24,406
2028	402	Asphalt - Seal Coat/crack fill	\$13,899	\$13,899
2029	402	Asphalt - Seal Coat/crack fill	\$14,385	\$14,385
2030	303	Wood Surfaces - Repair/Paint	\$2,659	
	402	Asphalt - Seal Coat/crack fill	\$14,888	
	1806	Crushed Gravel Paths - Replenish	\$114,854	\$132,401
2031	402	Asphalt - Seal Coat/crack fill	\$15,410	\$15,410
2032	402	Asphalt - Seal Coat/crack fill	\$15,949	\$15,949
2033	402	Asphalt - Seal Coat/crack fill	\$16,507	
	1705	Pumps - Replace	\$45,853	\$62,360
2034	402	Asphalt - Seal Coat/crack fill	\$17,085	\$17,085
2035	303	Wood Surfaces - Repair/Paint	\$3,158	
	402	Asphalt - Seal Coat/crack fill	\$17,683	\$20,840

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.

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

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.