

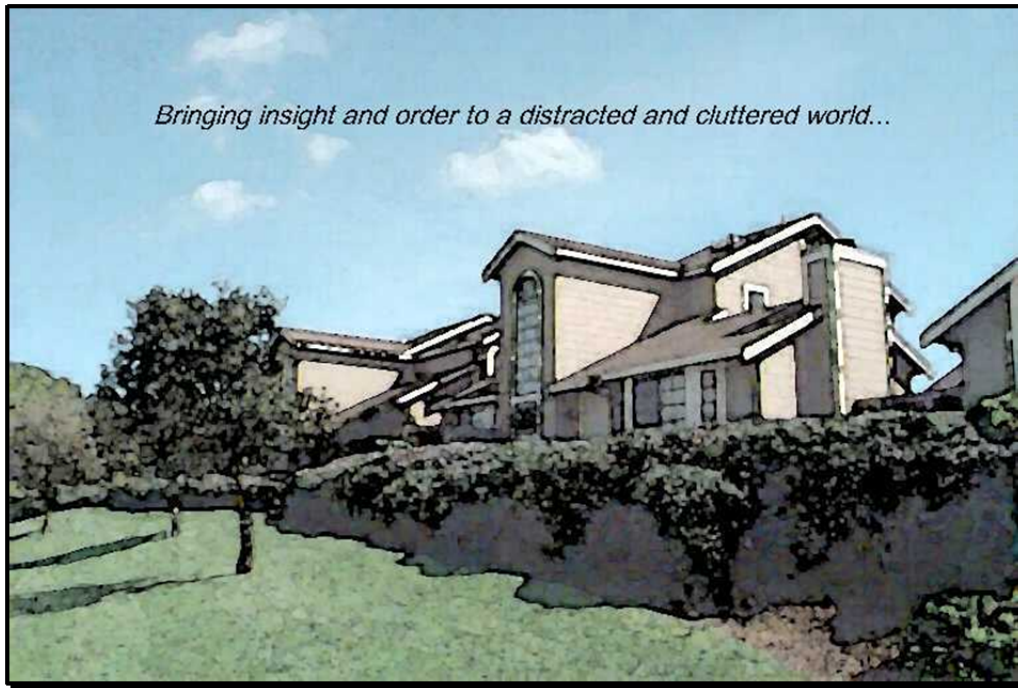
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Update “No Site-Visit” Reserve Study



University Village HOA Colorado Springs, CO

Report #: 14192-0
For Period Beginning: January 1, 2016
Expires: December 31, 2016
Date Prepared: June 22, 2016



Hello, and welcome to your Reserve Study!

We don't want you to be surprised. This Report is designed to help you anticipate, and prepare for, the major common area expenses your association will face. Inside you will find:

- 1) The Reserve Component List (the “Scope and Schedule” of your Reserve projects) – telling you what your association is Reserving for, what condition they are in now, and what they'll cost to replace.**
- 2) An Evaluation of your current Reserve Fund Size and Strength (Percent Funded). This tells you your financial starting point, revealing your risk of deferred maintenance and special assessments.**
- 3) A Recommended Multi-Year Reserve Funding Plan, answering the question... “What do we do now?”**

More Questions?

Visit our website at www.ReserveStudy.com or call us at:

303/394-9181



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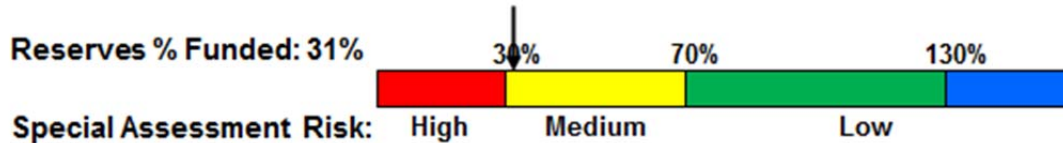
3- Minute Executive Summary

Association: University Village HOA **#:** 14192-0
Location: Colorado Springs, CO **# of Units:** 50
Report Period: January 1, 2016 through December 31, 2016

Findings/Recommendations as-of 1/1/2016:

Projected Starting Reserve Balance:	\$78,656
Current Fully Funded Reserve Balance:	\$250,788
Average Reserve Deficit Per Unit:	\$3,443
Recommended 2016 Monthly “Full Funding” Contributions:	\$2,750
Alternate Minimum Contributions to keep Reserves above \$0:	\$2,610
Recommended 2016 Special Assessment for Reserves:	\$0

Most Recent Budgeted Reserve Contribution Rate:.....**\$1,912**



Economic Assumptions:

Net Annual “After Tax” Interest Earnings Accruing to Reserves..... 1.00%
Annual Inflation Rate 3.00%

- This is an “Update No-Site-Visit” Reserve Study, based on a prior Report prepared by Association Reserves for your 2007 Fiscal Year. No site inspection was performed as part of this Reserve Study, which was prepared by a credentialed Reserve Specialist (RS).
- Your Reserve Fund is currently 31% Funded. This means the association’s special assessment & deferred maintenance risk is currently medium. The objective of your multi-year Funding Plan is to fund your Reserves to a level where you will enjoy a low risk of such Reserve cash flow problems.
- Based on this starting point, your anticipated future expenses, our recommendation is to increase your Reserve contributions in order to be within the 70% to 100% level as noted above. 100% “Full” contribution rates are designed to achieve these funding objectives *by the end* of our 30-year report scope. No assets appropriate for Reserve designation were excluded.

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Cost Estimate
Sites & Grounds				
2111	Concrete Curbs & Gutters - Repair	4	0	\$2,500
2113	Concrete Swales/Pans - Repair	4	0	\$2,500
2115	Concrete Walkways - Repair	5	3	\$4,000
2117	Drainage System - Clean/Repair	10	9	\$8,500
2131	Asphalt - Seal/Repair	4	0	\$19,950
2133	Asphalt - Resurface	25	12	\$207,850
2155	Site Fencing: Wood - Replace	20	7	\$21,700
2157	Site Fencing: Split Rail - Replace	20	7	\$2,700
2165	Block/Retaining Walls - Repair	10	0	\$2,500
2179	Mailboxes - Replace	20	7	\$2,250
2183	Directional/Street Signs - Replace	15	2	\$4,500
2185	Site Pole Lights - Replace	30	17	\$14,000
2193	Trees/Landscaping-Refurbish (Ph 1)	15	0	\$30,000
2193	Trees/Landscaping-Refurbish (Ph 2)	15	1	\$30,000
2193	Trees/Landscaping-Refurbish (Ph 3)	15	2	\$30,000
2579	Irrigation Controllers - Replace	15	2	\$1,750
16	Total Funded Components			

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

Note 2: Yellow highlighted line items are expected to require attention in the initial year, green highlighted items are expected to occur within the first five years.

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 combination of research and well-defined computations, following consistent National Reserve Study Standard principles.

The foundation of this and every Reserve Study is your Reserve Component List (what you are reserving for). This is because the Reserve Component List defines the *scope and schedule* of all your anticipated upcoming Reserve projects. Based on that List and your starting balance, we calculate the association’s Reserve Fund Strength (reported in terms of “Percent Funded”). Then we compute a Reserve Funding Plan to provide for the Reserve needs of the association. These form the three results of your Reserve Study.



Reserve contributions are not “for the future”. Reserve contributions are designed to offset the ongoing, daily deterioration of your Reserve assets. Done well, a stable, budgeted Reserve Funding Plan will collect sufficient funds from the owners who enjoyed the use of those assets, so the association is financially prepared for the irregular expenditures scattered through future years when those projects eventually require replacement.

Methodology



For this [Update No-Site-Visit](#) Reserve Study, we started with a review of your prior Reserve Study, then looked into recent Reserve expenditures, evaluated how expenditures are handled (ongoing maintenance vs Reserves), and

researched any well-established association precedents. We *updated and adjusted* your Reserve Component List on the basis of time elapsed since the last Reserve Study and interviews with association representatives.

Which Physical Assets are Funded by Reserves?

There is a national-standard four-part test to determine which expenses should appear in your Reserve Component List. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the remaining 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 (often between .5% and 1% of an association's total budget). 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 COMPONENT "FOUR-PART TEST"

How do we establish Useful Life and Remaining Useful Life estimates?

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client History (install dates & previous life cycle information)
- 4) Vendor Evaluation and Recommendation

How do we establish Current Repair/Replacement Cost Estimates?

In this order...

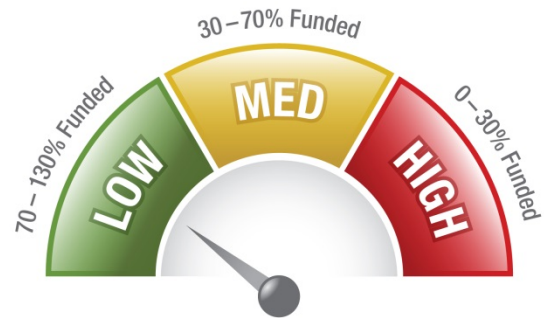
- 1) Actual client cost history, or current proposals
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

How much Reserves are enough?

Reserve adequacy is not measured in cash terms. Reserve adequacy is found when the *amount* of current Reserve cash is compared to Reserve component deterioration (the *needs of the association*). Having *enough* means the association can execute its projects in a timely manner with existing Reserve funds. Not having *enough* typically creates deferred maintenance or special assessments.

Adequacy is measured in a two-step process:

- 1) Calculate the *value of deterioration* at the association (called Fully Funded Balance, or FFB).
- 2) Compare that to the Reserve Fund Balance, and express as a percentage.



SPECIAL ASSESSMENT RISK

Each year, the *value of deterioration* at the association changes. When there is more deterioration (as components approach the time they need to be replaced), there should be more cash to offset that deterioration and prepare for the expenditure. Conversely, the *value of deterioration* shrinks after projects are accomplished. The *value of deterioration* (the FFB) changes each year, and is a moving but predictable target.

There is high risk of special assessments and deferred maintenance when the Percent Funded is *weak*, below 30%. Approximately 30% of all associations are in this high risk range. While the 100% point is Ideal (indicating Reserve cash is equal to the *value of deterioration*), a Reserve Fund in the 70% -130% range is considered strong (low risk of special assessment).

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?



RESERVE FUNDING PRINCIPLES

According to National Reserve Study Standards, there are four Funding Principles to 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. Second, a stable contribution is desirable because it keeps these naturally irregular expenses from unsettling the budget.

Reserve contributions that are evenly distributed over current and future owners enable each owner to pay their fair share of the association’s Reserve expenses over the years. And finally, we develop a plan that is fiscally responsible and safe for Boardmembers to recommend to their association. Remember, it is the Board’s job to provide for the ongoing care of the common areas. Boardmembers invite liability exposure when Reserve contributions are inadequate to offset ongoing common area deterioration.

What is our Recommended Funding Goal?

Maintaining the Reserve Fund at a level equal to the *value* of deterioration is called “Full Funding” (100% Funded). As each asset ages and becomes “used up”, the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** Evidence shows that associations in the 70-130% range *enjoy a low risk of special assessments or deferred maintenance.*



FUNDING OBJECTIVES

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. Doing so allows the Reserve Fund to drop into the 0-30% range, where there is a high risk of special assessments & deferred maintenance. Since Baseline Funding still provides for the timely execution of all Reserve projects, and only the “margin of safety” is different, Baseline Funding contributions average only 10% - 15% less than Full Funding contributions. Threshold Funding is the title of all other Cash or Percent Funded objectives *between* Baseline Funding and Full Funding.

Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all these expenses will all take place as anticipated. This Reserve Study needs to be updated annually because we expect the timing of these expenses to shift and the size of these expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away. Your *first five years* of projected Reserve expenses total \$159,260. Adding the next five years, your *first ten years* of projected Reserve expenses are \$239,800. Please be aware of your near-term expenses, which we are able to project more accurately than the more distant projections.

The figure below summarizes the projected future expenses at your association as defined by your Reserve Component List. A summary of these expenses are shown in Table 5, while details of the projects that make up these expenses are shown in Table 6.

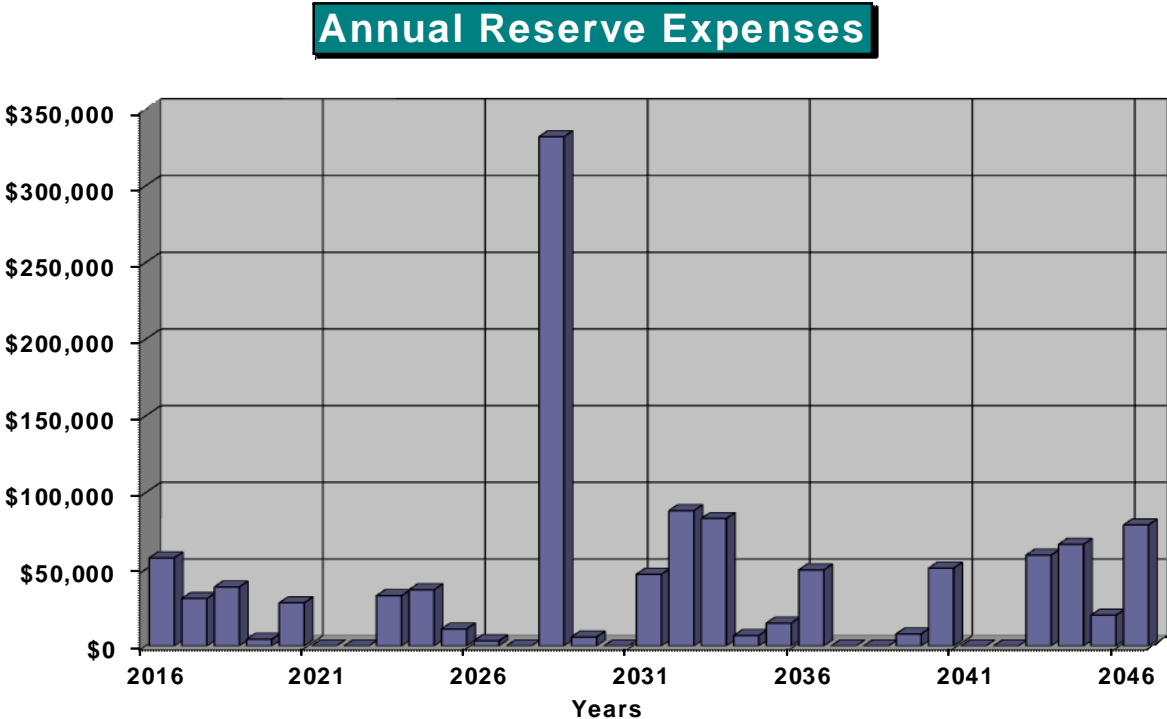


Figure 1

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$78,656 as-of the start of your Fiscal Year on January 1, 2016. As of January 1, 2016, your Fully Funded Balance is computed to be \$250,788 (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 31% Funded. Across the country, approx 20% of associations in this range experience special assessments or deferred maintenance.

Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending budgeted contributions of \$2,750/month this Fiscal. The overall 30-yr plan, in perspective, is shown below. This same information is shown numerically in both Table 5 and Table 6.

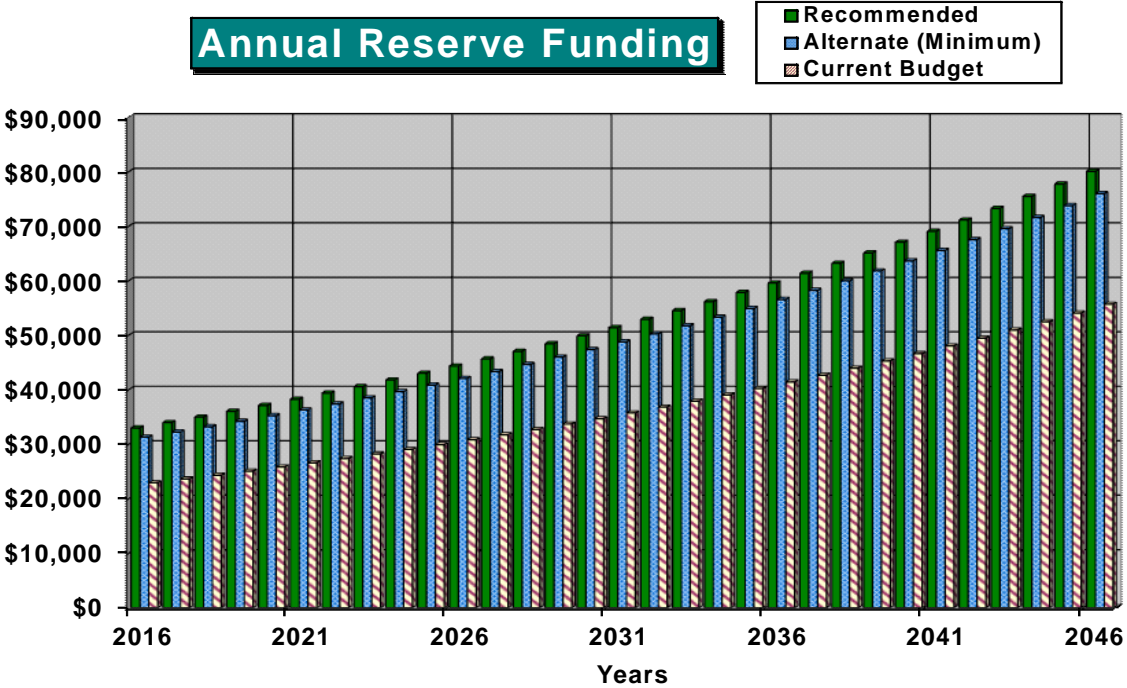


Figure 2

The following chart shows your Reserve balance under our recommended Full Funding Plan, an alternate Baseline Funding Plan, and at your current budgeted contribution rate, compared to your always-changing Fully Funded Balance target.

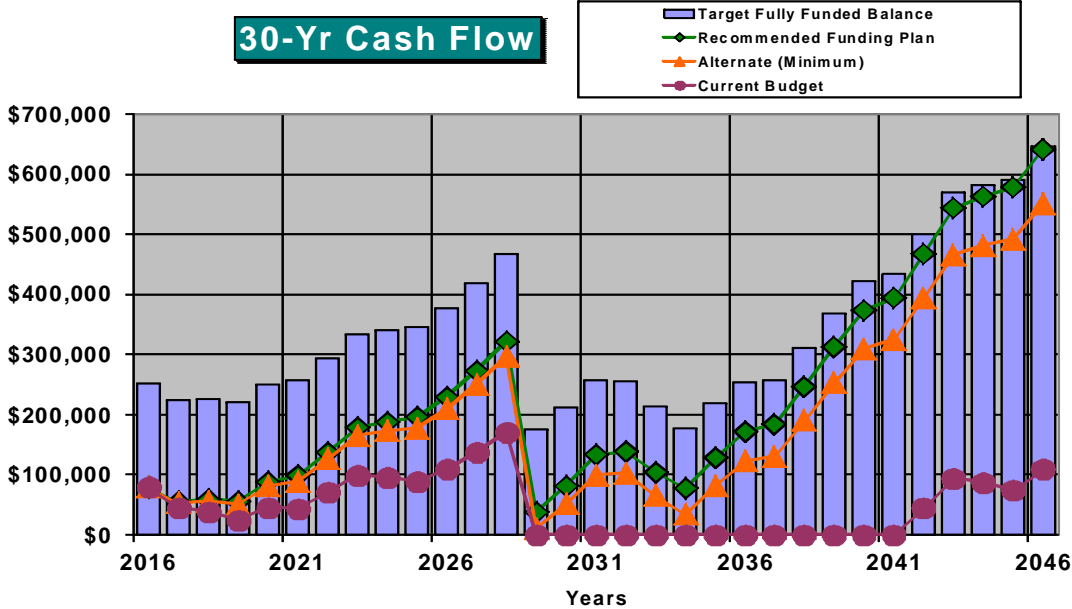


Figure 3

This figure shows this same information, plotted on a [Percent Funded](#) scale.

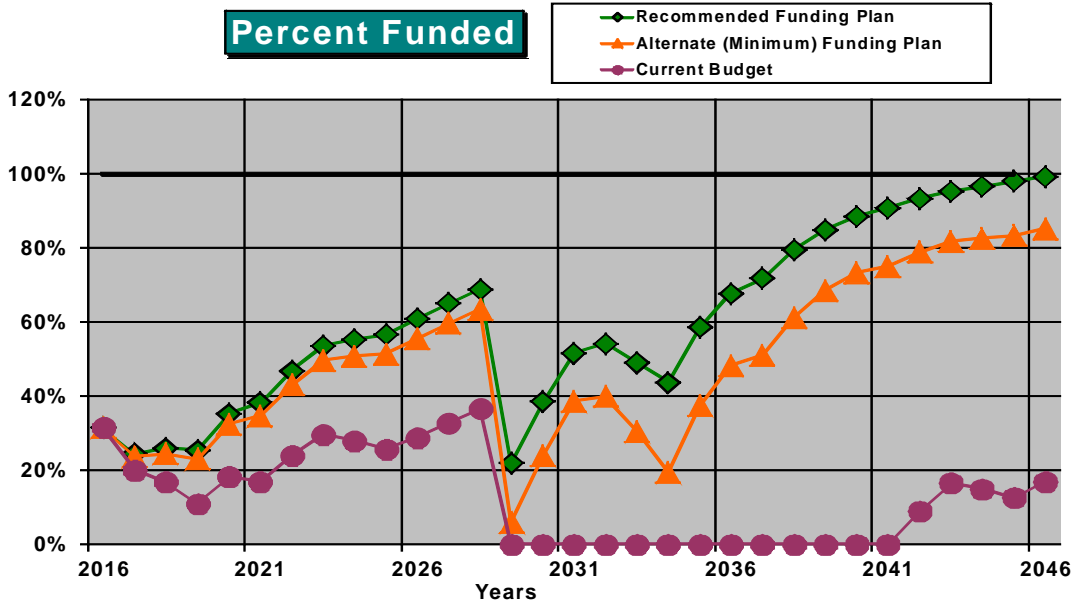


Figure 4

Table Descriptions

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

Table 1 is a summary of your Reserve Components (your Reserve Component List), the information found in Table 2.

Table 2 is your Reserve Component List, which forms the foundation of this Reserve Study. This table represents the information from which all other tables are derived.

Table 3 shows the calculation of your Fully Funded Balance, the measure of your current Reserve component deterioration. For each component, the Fully Funded Balance is the fraction of life used up multiplied by its estimated Current Replacement Cost.

Table 4 shows the significance of each component to Reserve needs of the association, helping you see which components have more (or less) influence than others on your total Reserve contribution rate. The deterioration cost/yr of each component is calculated by dividing the estimated Current Replacement Cost by Useful Life, then that component's percentage of the total is displayed.

Table 5: This table provides a one-page 30-year summary of the cash flowing into and out of the Reserve Fund, with a display of the Fully Funded Balance, Percent Funded, and special assessment risk for each year.

Table 6: This table shows the cash flow detail for the next 30 years. This table makes it possible to see which components are projected to require repair or replacement each year, and the size of those individual expenses.

Table 2: Reserve Component List Detail

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#	Component	Quantity	Useful Life	Rem. Useful Life	[--- Current Cost Estimate ---]	
					Best Case	Worst Case
Sites & Grounds						
2111	Concrete Curbs & Gutters - Repair	~ 8,400 GSF	4	0	\$2,000	\$3,000
2113	Concrete Swales/Pans - Repair	~ 700 GSF	4	0	\$2,000	\$3,000
2115	Concrete Walkways - Repair	~ 7,800 GSF	5	3	\$3,000	\$5,000
2117	Drainage System - Clean/Repair	~ 1,100 LF	10	9	\$8,000	\$9,000
2131	Asphalt - Seal/Repair	~ 137,650 GSF	4	0	\$16,500	\$23,400
2133	Asphalt - Resurface	~ 118,750 GSF	25	12	\$178,200	\$237,500
2155	Site Fencing: Wood - Replace	~ 620 LF	20	7	\$18,600	\$24,800
2157	Site Fencing: Split Rail - Replace	~ 135 LF	20	7	\$2,400	\$3,000
2165	Block/Retaining Walls - Repair	~ 300 LF	10	0	\$2,000	\$3,000
2179	Mailboxes - Replace	(1) CBU	20	7	\$2,000	\$2,500
2183	Directional/Street Signs - Replace	~ (75) Signs	15	2	\$4,000	\$5,000
2185	Site Pole Lights - Replace	~ (10) Fixtures	30	17	\$12,000	\$16,000
2193	Trees/Landscaping-Refurbish (Ph 1)	Numerous Areas	15	0	\$28,000	\$32,000
2193	Trees/Landscaping-Refurbish (Ph 2)	Numerous Areas	15	1	\$28,000	\$32,000
2193	Trees/Landscaping-Refurbish (Ph 3)	Numerous Areas	15	2	\$28,000	\$32,000
2579	Irrigation Controllers - Replace	~ (1) Controller	15	2	\$1,500	\$2,000
16	Total Funded Components					

Table 3: Fully Funded Balance

14192-0

#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
Sites & Grounds								
2111	Concrete Curbs & Gutters - Repair	\$2,500	X	4	/	4	=	\$2,500
2113	Concrete Swales/Pans - Repair	\$2,500	X	4	/	4	=	\$2,500
2115	Concrete Walkways - Repair	\$4,000	X	2	/	5	=	\$1,600
2117	Drainage System - Clean/Repair	\$8,500	X	1	/	10	=	\$850
2131	Asphalt - Seal/Repair	\$19,950	X	4	/	4	=	\$19,950
2133	Asphalt - Resurface	\$207,850	X	13	/	25	=	\$108,082
2155	Site Fencing: Wood - Replace	\$21,700	X	13	/	20	=	\$14,105
2157	Site Fencing: Split Rail - Replace	\$2,700	X	13	/	20	=	\$1,755
2165	Block/Retaining Walls - Repair	\$2,500	X	10	/	10	=	\$2,500
2179	Mailboxes - Replace	\$2,250	X	13	/	20	=	\$1,463
2183	Directional/Street Signs - Replace	\$4,500	X	13	/	15	=	\$3,900
2185	Site Pole Lights - Replace	\$14,000	X	13	/	30	=	\$6,067
2193	Trees/Landscaping-Refurbish (Ph 1)	\$30,000	X	15	/	15	=	\$30,000
2193	Trees/Landscaping-Refurbish (Ph 2)	\$30,000	X	14	/	15	=	\$28,000
2193	Trees/Landscaping-Refurbish (Ph 3)	\$30,000	X	13	/	15	=	\$26,000
2579	Irrigation Controllers - Replace	\$1,750	X	13	/	15	=	\$1,517
								\$250,788

Table 4: Component Significance

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#	Component	Useful Life	Current Cost Estimate	Deterioration Cost/yr	Deterioration Significance
Sites & Grounds					
2111	Concrete Curbs & Gutters - Repair	4	\$2,500	\$625	2.5%
2113	Concrete Swales/Pans - Repair	4	\$2,500	\$625	2.5%
2115	Concrete Walkways - Repair	5	\$4,000	\$800	3.2%
2117	Drainage System - Clean/Repair	10	\$8,500	\$850	3.4%
2131	Asphalt - Seal/Repair	4	\$19,950	\$4,988	20.2%
2133	Asphalt - Resurface	25	\$207,850	\$8,314	33.7%
2155	Site Fencing: Wood - Replace	20	\$21,700	\$1,085	4.4%
2157	Site Fencing: Split Rail - Replace	20	\$2,700	\$135	0.5%
2165	Block/Retaining Walls - Repair	10	\$2,500	\$250	1.0%
2179	Mailboxes - Replace	20	\$2,250	\$113	0.5%
2183	Directional/Street Signs - Replace	15	\$4,500	\$300	1.2%
2185	Site Pole Lights - Replace	30	\$14,000	\$467	1.9%
2193	Trees/Landscaping-Refurbish (Ph 1)	15	\$30,000	\$2,000	8.1%
2193	Trees/Landscaping-Refurbish (Ph 2)	15	\$30,000	\$2,000	8.1%
2193	Trees/Landscaping-Refurbish (Ph 3)	15	\$30,000	\$2,000	8.1%
2579	Irrigation Controllers - Replace	15	\$1,750	\$117	0.5%
16	Total Funded Components			\$24,667	100.0%

Table 5: 30-Year Reserve Plan Summary

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Fiscal Year Start: 01/01/16

Interest: 1.0%

Inflation: 3.0%

**Reserve Fund Strength Calculations
(All values as of Fiscal Year Start Date)**

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	Reserve Contribs.	Loans or Special Assmts	Interest Income	Reserve Expenses
2016	\$78,656	\$250,788	31.4%	Med	\$33,000	\$0	\$667	\$57,450
2017	\$54,873	\$224,545	24.4%	High	\$33,990	\$0	\$567	\$30,900
2018	\$58,530	\$225,624	25.9%	High	\$35,010	\$0	\$571	\$38,458
2019	\$55,653	\$219,736	25.3%	High	\$36,060	\$0	\$718	\$4,371
2020	\$88,060	\$249,590	35.3%	Med	\$37,142	\$0	\$930	\$28,081
2021	\$98,051	\$256,750	38.2%	Med	\$38,256	\$0	\$1,177	\$0
2022	\$137,484	\$293,906	46.8%	Med	\$39,404	\$0	\$1,579	\$0
2023	\$178,467	\$333,061	53.6%	Med	\$40,586	\$0	\$1,832	\$32,776
2024	\$188,109	\$340,541	55.2%	Med	\$41,803	\$0	\$1,916	\$36,673
2025	\$195,154	\$345,170	56.5%	Med	\$43,058	\$0	\$2,121	\$11,091
2026	\$229,243	\$377,252	60.8%	Med	\$44,349	\$0	\$2,509	\$3,360
2027	\$272,741	\$419,255	65.1%	Med	\$45,680	\$0	\$2,969	\$0
2028	\$321,390	\$467,002	68.8%	Med	\$47,050	\$0	\$1,798	\$331,917
2029	\$38,321	\$175,362	21.9%	High	\$48,462	\$0	\$599	\$5,874
2030	\$81,507	\$211,884	38.5%	Med	\$49,915	\$0	\$1,070	\$0
2031	\$132,492	\$256,672	51.6%	Med	\$51,413	\$0	\$1,354	\$46,739
2032	\$138,520	\$255,815	54.1%	Med	\$52,955	\$0	\$1,215	\$88,179
2033	\$104,512	\$213,436	49.0%	Med	\$54,544	\$0	\$907	\$83,056
2034	\$76,907	\$176,287	43.6%	Med	\$56,180	\$0	\$1,021	\$6,810
2035	\$127,298	\$217,816	58.4%	Med	\$57,866	\$0	\$1,495	\$14,905
2036	\$171,754	\$253,550	67.7%	Med	\$59,602	\$0	\$1,776	\$49,578
2037	\$183,553	\$255,980	71.7%	Low	\$61,390	\$0	\$2,152	\$0
2038	\$247,095	\$310,925	79.5%	Low	\$63,231	\$0	\$2,800	\$0
2039	\$313,127	\$368,935	84.9%	Low	\$65,128	\$0	\$3,433	\$7,894
2040	\$373,794	\$422,016	88.6%	Low	\$67,082	\$0	\$3,837	\$50,718
2041	\$393,995	\$434,084	90.8%	Low	\$69,095	\$0	\$4,305	\$0
2042	\$467,395	\$500,304	93.4%	Low	\$71,168	\$0	\$5,053	\$0
2043	\$543,615	\$570,107	95.4%	Low	\$73,303	\$0	\$5,532	\$59,197
2044	\$563,252	\$582,674	96.7%	Low	\$75,502	\$0	\$5,705	\$66,236
2045	\$578,224	\$590,062	98.0%	Low	\$77,767	\$0	\$6,099	\$20,031

Table 6: 30-Year Income/Expense Detail (yrs 0 through 4)

14192-0

Fiscal Year	2016	2017	2018	2019	2020
Starting Reserve Balance	\$78,656	\$54,873	\$58,530	\$55,653	\$88,060
Annual Reserve Contribution	\$33,000	\$33,990	\$35,010	\$36,060	\$37,142
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$667	\$567	\$571	\$718	\$930
Total Income	\$112,323	\$89,430	\$94,111	\$92,431	\$126,132
# Component					
Sites & Grounds					
2111 Concrete Curbs & Gutters - Repair	\$2,500	\$0	\$0	\$0	\$2,814
2113 Concrete Swales/Pans - Repair	\$2,500	\$0	\$0	\$0	\$2,814
2115 Concrete Walkways - Repair	\$0	\$0	\$0	\$4,371	\$0
2117 Drainage System - Clean/Repair	\$0	\$0	\$0	\$0	\$0
2131 Asphalt - Seal/Repair	\$19,950	\$0	\$0	\$0	\$22,454
2133 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
2155 Site Fencing: Wood - Replace	\$0	\$0	\$0	\$0	\$0
2157 Site Fencing: Split Rail - Replace	\$0	\$0	\$0	\$0	\$0
2165 Block/Retaining Walls - Repair	\$2,500	\$0	\$0	\$0	\$0
2179 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
2183 Directional/Street Signs - Replace	\$0	\$0	\$4,774	\$0	\$0
2185 Site Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 1)	\$30,000	\$0	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 2)	\$0	\$30,900	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 3)	\$0	\$0	\$31,827	\$0	\$0
2579 Irrigation Controllers - Replace	\$0	\$0	\$1,857	\$0	\$0
Total Expenses	\$57,450	\$30,900	\$38,458	\$4,371	\$28,081
Ending Reserve Balance:	\$54,873	\$58,530	\$55,653	\$88,060	\$98,051

Table 6: 30-Year Income/Expense Detail (yrs 5 through 9)

14192-0

Fiscal Year	2021	2022	2023	2024	2025
Starting Reserve Balance	\$98,051	\$137,484	\$178,467	\$188,109	\$195,154
Annual Reserve Contribution	\$38,256	\$39,404	\$40,586	\$41,803	\$43,058
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,177	\$1,579	\$1,832	\$1,916	\$2,121
Total Income	\$137,484	\$178,467	\$220,885	\$231,827	\$240,333
# Component					
Sites & Grounds					
2111 Concrete Curbs & Gutters - Repair	\$0	\$0	\$0	\$3,167	\$0
2113 Concrete Swales/Pans - Repair	\$0	\$0	\$0	\$3,167	\$0
2115 Concrete Walkways - Repair	\$0	\$0	\$0	\$5,067	\$0
2117 Drainage System - Clean/Repair	\$0	\$0	\$0	\$0	\$11,091
2131 Asphalt - Seal/Repair	\$0	\$0	\$0	\$25,272	\$0
2133 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
2155 Site Fencing: Wood - Replace	\$0	\$0	\$26,688	\$0	\$0
2157 Site Fencing: Split Rail - Replace	\$0	\$0	\$3,321	\$0	\$0
2165 Block/Retaining Walls - Repair	\$0	\$0	\$0	\$0	\$0
2179 Mailboxes - Replace	\$0	\$0	\$2,767	\$0	\$0
2183 Directional/Street Signs - Replace	\$0	\$0	\$0	\$0	\$0
2185 Site Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 1)	\$0	\$0	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 2)	\$0	\$0	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 3)	\$0	\$0	\$0	\$0	\$0
2579 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$32,776	\$36,673	\$11,091
Ending Reserve Balance:	\$137,484	\$178,467	\$188,109	\$195,154	\$229,243

Table 6: 30-Year Income/Expense Detail (yrs 10 through 14)

14192-0

Fiscal Year	2026	2027	2028	2029	2030
Starting Reserve Balance	\$229,243	\$272,741	\$321,390	\$38,321	\$81,507
Annual Reserve Contribution	\$44,349	\$45,680	\$47,050	\$48,462	\$49,915
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,509	\$2,969	\$1,798	\$599	\$1,070
Total Income	\$276,101	\$321,390	\$370,238	\$87,381	\$132,492
# Component					
Sites & Grounds					
2111 Concrete Curbs & Gutters - Repair	\$0	\$0	\$3,564	\$0	\$0
2113 Concrete Swales/Pans - Repair	\$0	\$0	\$3,564	\$0	\$0
2115 Concrete Walkways - Repair	\$0	\$0	\$0	\$5,874	\$0
2117 Drainage System - Clean/Repair	\$0	\$0	\$0	\$0	\$0
2131 Asphalt - Seal/Repair	\$0	\$0	\$28,444	\$0	\$0
2133 Asphalt - Resurface	\$0	\$0	\$296,344	\$0	\$0
2155 Site Fencing: Wood - Replace	\$0	\$0	\$0	\$0	\$0
2157 Site Fencing: Split Rail - Replace	\$0	\$0	\$0	\$0	\$0
2165 Block/Retaining Walls - Repair	\$3,360	\$0	\$0	\$0	\$0
2179 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
2183 Directional/Street Signs - Replace	\$0	\$0	\$0	\$0	\$0
2185 Site Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 1)	\$0	\$0	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 2)	\$0	\$0	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 3)	\$0	\$0	\$0	\$0	\$0
2579 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$3,360	\$0	\$331,917	\$5,874	\$0
Ending Reserve Balance:	\$272,741	\$321,390	\$38,321	\$81,507	\$132,492

Table 6: 30-Year Income/Expense Detail (yrs 15 through 19)

14192-0

Fiscal Year	2031	2032	2033	2034	2035
Starting Reserve Balance	\$132,492	\$138,520	\$104,512	\$76,907	\$127,298
Annual Reserve Contribution	\$51,413	\$52,955	\$54,544	\$56,180	\$57,866
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,354	\$1,215	\$907	\$1,021	\$1,495
Total Income	\$185,259	\$192,690	\$159,962	\$134,108	\$186,658
# Component					
Sites & Grounds					
2111 Concrete Curbs & Gutters - Repair	\$0	\$4,012	\$0	\$0	\$0
2113 Concrete Swales/Pans - Repair	\$0	\$4,012	\$0	\$0	\$0
2115 Concrete Walkways - Repair	\$0	\$0	\$0	\$6,810	\$0
2117 Drainage System - Clean/Repair	\$0	\$0	\$0	\$0	\$14,905
2131 Asphalt - Seal/Repair	\$0	\$32,014	\$0	\$0	\$0
2133 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
2155 Site Fencing: Wood - Replace	\$0	\$0	\$0	\$0	\$0
2157 Site Fencing: Split Rail - Replace	\$0	\$0	\$0	\$0	\$0
2165 Block/Retaining Walls - Repair	\$0	\$0	\$0	\$0	\$0
2179 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
2183 Directional/Street Signs - Replace	\$0	\$0	\$7,438	\$0	\$0
2185 Site Pole Lights - Replace	\$0	\$0	\$23,140	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 1)	\$46,739	\$0	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 2)	\$0	\$48,141	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 3)	\$0	\$0	\$49,585	\$0	\$0
2579 Irrigation Controllers - Replace	\$0	\$0	\$2,892	\$0	\$0
Total Expenses	\$46,739	\$88,179	\$83,056	\$6,810	\$14,905
Ending Reserve Balance:	\$138,520	\$104,512	\$76,907	\$127,298	\$171,754

Table 6: 30-Year Income/Expense Detail (yrs 20 through 24)

14192-0

Fiscal Year	2036	2037	2038	2039	2040
Starting Reserve Balance	\$171,754	\$183,553	\$247,095	\$313,127	\$373,794
Annual Reserve Contribution	\$59,602	\$61,390	\$63,231	\$65,128	\$67,082
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,776	\$2,152	\$2,800	\$3,433	\$3,837
Total Income	\$233,131	\$247,095	\$313,127	\$381,688	\$444,713
# Component					
Sites & Grounds					
2111 Concrete Curbs & Gutters - Repair	\$4,515	\$0	\$0	\$0	\$5,082
2113 Concrete Swales/Pans - Repair	\$4,515	\$0	\$0	\$0	\$5,082
2115 Concrete Walkways - Repair	\$0	\$0	\$0	\$7,894	\$0
2117 Drainage System - Clean/Repair	\$0	\$0	\$0	\$0	\$0
2131 Asphalt - Seal/Repair	\$36,032	\$0	\$0	\$0	\$40,554
2133 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
2155 Site Fencing: Wood - Replace	\$0	\$0	\$0	\$0	\$0
2157 Site Fencing: Split Rail - Replace	\$0	\$0	\$0	\$0	\$0
2165 Block/Retaining Walls - Repair	\$4,515	\$0	\$0	\$0	\$0
2179 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
2183 Directional/Street Signs - Replace	\$0	\$0	\$0	\$0	\$0
2185 Site Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 1)	\$0	\$0	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 2)	\$0	\$0	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 3)	\$0	\$0	\$0	\$0	\$0
2579 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$49,578	\$0	\$0	\$7,894	\$50,718
Ending Reserve Balance:	\$183,553	\$247,095	\$313,127	\$373,794	\$393,995

Table 6: 30-Year Income/Expense Detail (yrs 25 through 29)

14192-0

Fiscal Year	2041	2042	2043	2044	2045
Starting Reserve Balance	\$393,995	\$467,395	\$543,615	\$563,252	\$578,224
Annual Reserve Contribution	\$69,095	\$71,168	\$73,303	\$75,502	\$77,767
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$4,305	\$5,053	\$5,532	\$5,705	\$6,099
Total Income	\$467,395	\$543,615	\$622,450	\$644,459	\$662,089
# Component					
Sites & Grounds					
2111 Concrete Curbs & Gutters - Repair	\$0	\$0	\$0	\$5,720	\$0
2113 Concrete Swales/Pans - Repair	\$0	\$0	\$0	\$5,720	\$0
2115 Concrete Walkways - Repair	\$0	\$0	\$0	\$9,152	\$0
2117 Drainage System - Clean/Repair	\$0	\$0	\$0	\$0	\$20,031
2131 Asphalt - Seal/Repair	\$0	\$0	\$0	\$45,644	\$0
2133 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
2155 Site Fencing: Wood - Replace	\$0	\$0	\$48,202	\$0	\$0
2157 Site Fencing: Split Rail - Replace	\$0	\$0	\$5,997	\$0	\$0
2165 Block/Retaining Walls - Repair	\$0	\$0	\$0	\$0	\$0
2179 Mailboxes - Replace	\$0	\$0	\$4,998	\$0	\$0
2183 Directional/Street Signs - Replace	\$0	\$0	\$0	\$0	\$0
2185 Site Pole Lights - Replace	\$0	\$0	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 1)	\$0	\$0	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 2)	\$0	\$0	\$0	\$0	\$0
2193 Trees/Landscaping-Refurbish (Ph 3)	\$0	\$0	\$0	\$0	\$0
2579 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$59,197	\$66,236	\$20,031
Ending Reserve Balance:	\$467,395	\$543,615	\$563,252	\$578,224	\$642,058

Accuracy, Limitations, and Disclosures

The reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair or replacement of a reserve component.

Because we have no control over future events, we do not expect that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect Reserve funds to continue to earn interest, so we believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. We can control measurements, which we attempt to establish within 5% accuracy through a combination of on-site measurements, drawings, and satellite imagery. The starting Reserve Balance and interest rate earned on deposited Reserve funds that you provided to us were considered reliable and were not confirmed independently. 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 Useful Life, Remaining Useful Life, and Current Cost estimates assume a stable economic environment and lack of natural disasters.

Because the physical condition of your components, the association's Reserve balance, the economic environment, and legislative environment change each year, this Reserve Study is by nature a "one-year" document. Because a long-term perspective improves the accuracy of near-term planning, this Report projects expenses for the next 30 years. It is our recommendation and that of the Financial Accounting Standards Board (FASB) that your Reserve Study be updated each year as part of the annual budget process.

Association Reserves CO, LLC and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Bryan Farley R.S., company president, is a credentialed Reserve Specialist (#260). All work done by Association Reserves CO, LLC 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.

Component quantities indicated in this Report were developed by Association Reserves unless otherwise noted. No destructive or intrusive testing was performed. This Report and this site inspection were accomplished only for Reserve budget purposes (to help identify and address the normal deterioration of properly built and installed components with predictable life expectancies). The Funding Plan in this Report was developed using the cash-flow methodology to achieve the specified Funding Objective.

Association Reserves' liability in any matter involving this Reserve Study is limited to our Fee for services rendered.

Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area). Equivalent to Square Feet
GSY	Gross Square Yards (area). Equivalent to Square Yards
HP	Horsepower
LF	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 value of the deterioration of the Reserve Components. This is the fraction of life “used up” of each component multiplied by its estimated Current Replacement. While calculated for each component, it is 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 6.

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.

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

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

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

Component Details

Client: 14192 University Village

SITES / GROUNDS

Comp #: 2111 Concrete Curbs & Gutters - Repair **Quantity:** ~ 8,400 GSF
 Location: Streets
 Funded?: Yes
 History:
 Comments:
 Useful Life: 4 years Remaining Life: 0 years
 Best Case: \$2,000 Worst Case: \$3,000
 Lower allowance Higher allowance
 Cost Source: Allowance

Comp #: 2113 Concrete Swales/Pans - Repair **Quantity:** ~ 700 GSF
 Location: Streets
 Funded?: Yes
 History:
 Comments:
 Useful Life: 4 years Remaining Life: 0 years
 Best Case: \$2,000 Worst Case: \$3,000
 Lower allowance Higher allowance
 Cost Source: Allowance

Comp #: 2115 Concrete Walkways - Repair **Quantity:** ~ 7,800 GSF
 Location: Sidewalks
 Funded?: Yes
 History:
 Comments:
 Useful Life: 5 years Remaining Life: 3 years
 Best Case: \$3,000 Worst Case: \$5,000
 Lower allowance Higher allowance
 Cost Source: Allowance

Comp #: 2117 Drainage System - Clean/Repair **Quantity:** ~ 1,100 LF
 Location:
 Funded?: Yes
 History: Repairs made in 2015
 Comments:
 Useful Life: 10 years Remaining Life: 9 years
 Best Case: \$8,000 Worst Case: \$9,000
 Lower allowance Higher allowance
 Cost Source: Allowance

Client: 14192 University Village

Comp #: 2131 Asphalt - Seal/Repair **Quantity:** ~ 137,650 GSF
 Location: Streets
 Funded?: Yes
 History: Sealed in 2011
 Comments:
 Useful Life: 4 years Remaining Life: 0 years
 Best Case: \$16,500 Worst Case: \$23,400
 Lower allowance Higher allowance
 Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 2133 Asphalt - Resurface **Quantity:** ~ 118,750 GSF
 Location:
 Funded?: Yes
 History: Streets and parking
 Comments:
 Useful Life: 25 years Remaining Life: 12 years
 Best Case: \$178,200 Worst Case: \$237,500
 Lower allowance Higher allowance
 Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 2155 Site Fencing: Wood - Replace **Quantity:** ~ 620 LF
 Location: Common areas
 Funded?: Yes
 History:
 Comments:
 Useful Life: 20 years Remaining Life: 7 years
 Best Case: \$18,600 Worst Case: \$24,800
 Lower allowance Higher allowance
 Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 2157 Site Fencing: Split Rail - Replace **Quantity:** ~ 135 LF
 Location: Common areas
 Funded?: Yes
 History:
 Comments:
 Useful Life: 20 years Remaining Life: 7 years
 Best Case: \$2,400 Worst Case: \$3,000
 Lower allowance Higher allowance
 Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 2165 Block/Retaining Walls - Refurbish **Quantity:** ~ 300 LF
 Location:
 Funded?: Yes
 History:
 Comments:
 Useful Life: 10 years Remaining Life: 0 years
 Best Case: \$2,000 Worst Case: \$3,000
 Lower allowance Higher allowance
 Cost Source: Allowance

Client: 14192 University Village

Comp #: 2179 Mailboxes - Replace **Quantity:** (1) CBU
 Location:
 Funded?: Yes
 History:
 Comments:
 Useful Life: 20 years Remaining Life: 7 years
 Best Case: \$2,000 Worst Case: \$2,500
 Lower allowance Higher allowance
 Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 2183 Directional/Street Signs - Replace **Quantity:** ~ (75) Signs
 Location:
 Funded?: Yes
 History:
 Comments:
 Useful Life: 15 years Remaining Life: 2 years
 Best Case: \$4,000 Worst Case: \$5,000
 Lower allowance Higher allowance
 Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 2185 Site Pole Lights - Replace **Quantity:** ~ (10) Fixtures
 Location:
 Funded?: Yes
 History:
 Comments:
 Useful Life: 30 years Remaining Life: 17 years
 Best Case: \$12,000 Worst Case: \$16,000
 Lower allowance Higher allowance
 Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 2193 Trees/Landscaping-Refurbish (Ph 1) **Quantity:** Numerous Areas
 Location:
 Funded?: Yes
 History:
 Comments:
 Useful Life: 15 years Remaining Life: 0 years
 Best Case: \$28,000 Worst Case: \$32,000
 Lower allowance Higher allowance
 Cost Source: Allowance

Client: 14192 University Village

Comp #: 2193 Trees/Landscaping-Refurbish (Ph 2) **Quantity:** Numerous Areas

Location:
 Funded?: Yes
 History:
 Comments:
 Useful Life: 15 years Remaining Life: 1 years
 Best Case: \$28,000 Worst Case: \$32,000
Lower allowance Higher allowance
 Cost Source: Allowance

Comp #: 2193 Trees/Landscaping-Refurbish (Ph 3) **Quantity:** Numerous Areas

Location:
 Funded?: Yes
 History:
 Comments:
 Useful Life: 15 years Remaining Life: 2 years
 Best Case: \$28,000 Worst Case: \$32,000
Lower allowance Higher allowance
 Cost Source: Allowance

Comp #: 2579 Irrigation Controllers - Replace **Quantity:** ~ (1) Controller

Location:
 Funded?: Yes
 History:
 Comments:
 Useful Life: 15 years Remaining Life: 2 years
 Best Case: \$1,500 Worst Case: \$2,000
Lower allowance Higher allowance
 Cost Source: ARI Cost Database: Similar Project Cost History
