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**Daybreak  
Holmes Heights Park  
*South Jordan, UT***



Report #: 41127-1  
Beginning: January 1, 2023  
Expires: December 31, 2023

**RESERVE STUDY  
Update "No-Site-Visit"**

November 2, 2022

# Welcome to your Reserve Study!

**A** Reserve Study is a valuable tool to help you budget responsibly for your property. This report contains all the information you need to avoid surprise expenses, make informed decisions, save money, and protect property values.

**R**egardless of the property type, it's a fact of life that the very moment construction is completed, every major building component begins a predictable process of physical deterioration. The operative word is "predictable" because planning for the inevitable is what a Reserve Study by **Association Reserves** is all about!

In this Report, you will find three key results:

- **Component List**  
Unique to each property, the Component List serves as the foundation of the Reserve Study and details the scope and schedule of all necessary repairs & replacements.
- **Reserve Fund Strength**  
A calculation that measures how well the Reserve Fund has kept pace with the property's physical deterioration.
- **Reserve Funding Plan**  
A multi-year funding plan based on current Reserve Fund strength that allows for component repairs and replacements to be completed in a timely manner, with an emphasis on fairness and avoiding "catch-up" funding.

## Questions?

Please contact your Project Manager directly.



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Daybreak - Holmes Heights Park

Report #: 41127-1

South Jordan, UT

# of Units: 123

Level of Service: Update "No-Site-Visit"

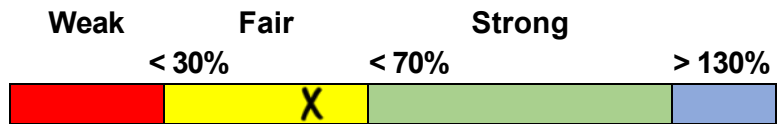
January 1, 2023 through December 31, 2023

Findings & Recommendations

as of January 1, 2023

Starting Reserve Balance	\$90,240
Fully Funded Reserve Balance	\$149,550
Annual Rate (Cost) of Deterioration	\$74,775
Percent Funded	60.3 %
Recommended 2023 Annual "Fully Funding" Contributions	\$88,500
Alternate/Baseline Annual Minimum Contributions to Keep Reserves Above \$0	\$72,610
Recommended 2023 Special Assessments for Reserves	\$0
Most Recent Annual Reserve Contribution Rate	\$59,040

Reserve Fund Strength: 60.3%



Risk of Special Assessment:

High Medium Low

Economic Assumptions:

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

- This Update "No-Site-Visit", is based on a prior Reserve Study for your 2022 Fiscal Year. No site inspection was performed as part of this Reserve Study.
- The Reserve Study was reviewed by a credentialed Reserve Specialist (RS).
- Your Reserve Fund is currently 60.3 % Funded. This means the client's special assessment & deferred maintenance risk is currently Medium.
- Based on this starting point and your anticipated future expenses, our recommendation is to budget the Annual Reserve contributions at \$88,500 with 3% annual increases in order to be within the 70% to 130% level as noted above. 100% "Full" contribution rates are designed to achieve these funding objectives by the end of our 30-year report scope.
- The goal of the Reserve Study is to help the client offset inevitable annual deterioration of the common area components. The Reserve Study will guide the client to establish an appropriate Reserve Contribution rate that offsets the annual deterioration of the components and 'keep pace' with the rate of ongoing deterioration. No assets appropriate for Reserve designation were excluded. See photo appendix for component details; the basis of our assumptions.
- We recommend that this Reserve Study be updated annually, with a With-Site-Visit Reserve Study every three years. Clients that update their Reserve Study annually with a No-Site-Visit Reserve Study reduce their risk of special assessment by ~ 35%.
- Please watch this 5-minute video to understand the key results of a Reserve Study - <https://youtu.be/u83t4BRRIRE>

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
<b>Holmes</b>			
1000 Holmes Homes Lake Run - Placeholder	10	9	\$0
1000 Holmes Homes Porcini - Placeholder	10	9	\$0
23330 Ewok Stucco/Hardie - Seal/Paint	10	8	\$105,500
23330 Firefly 2-4Plex Hardie - Seal/Paint	10	8	\$71,500
23330 Firefly Stucco/Hardie - Paint	10	8	\$205,000
23560 Firefly 3 Story Roof: TPO - Replace	20	18	\$391,500
23570 Ewok Roof: Comp Shingle - Replace	25	23	\$200,000
23570 Firefly Comp Shingle - Replace	25	23	\$215,000
23600 Firefly Roof: Metal - Replace	40	38	\$16,000

**9 Total Funded Components**

## 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



RESERVE COMPONENT "FOUR-PART TEST"

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.

## *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.



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 a 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. 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 as defined by your Reserve Component List. A summary of these expenses are shown in the 30-Year Reserve Plan Summary Table, while details of the projects that make up these expenses are shown in the 30-Year Income/Expense Detail.

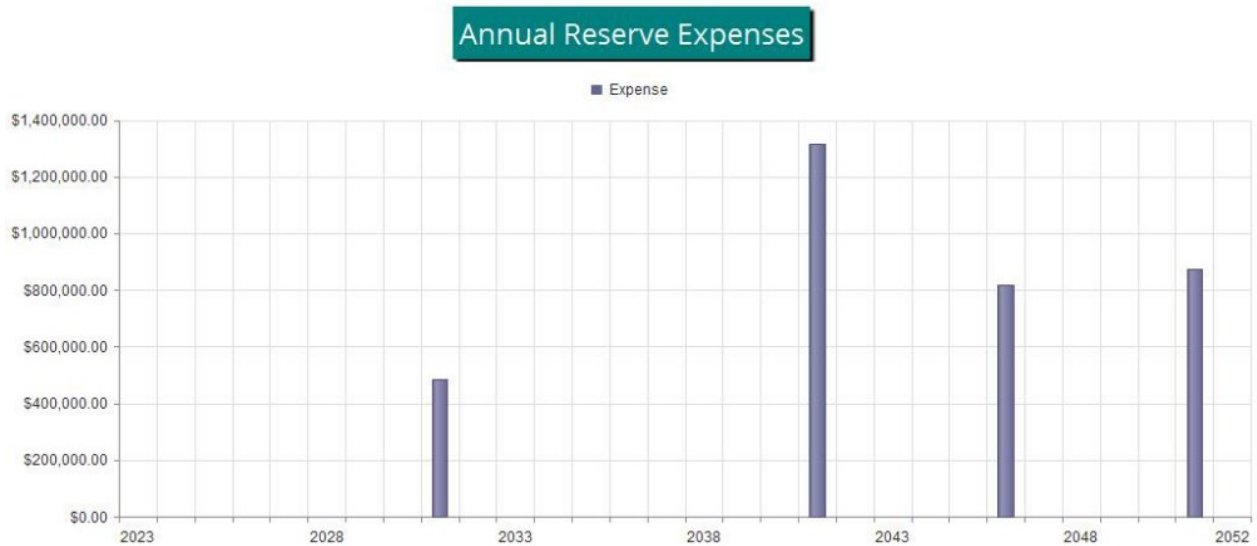


Figure 1

## Reserve Fund Status

As of 1/1/2023 your Reserve Fund balance is projected to be \$90,240 and your Fully Funded Balance is computed to be \$149,550 (see the Fully Funded Balance Table). The Fully Funded Balance represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 60.3 % Funded.

## Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending Annual budgeted contributions of \$88,500. The overall 30-Year Plan, in perspective, is shown below in the Annual Reserve Funding (Fig. 2). This same information is shown numerically in both the 30-Year Reserve Plan Summary Table and the 30-Year Income/Expense Detail.

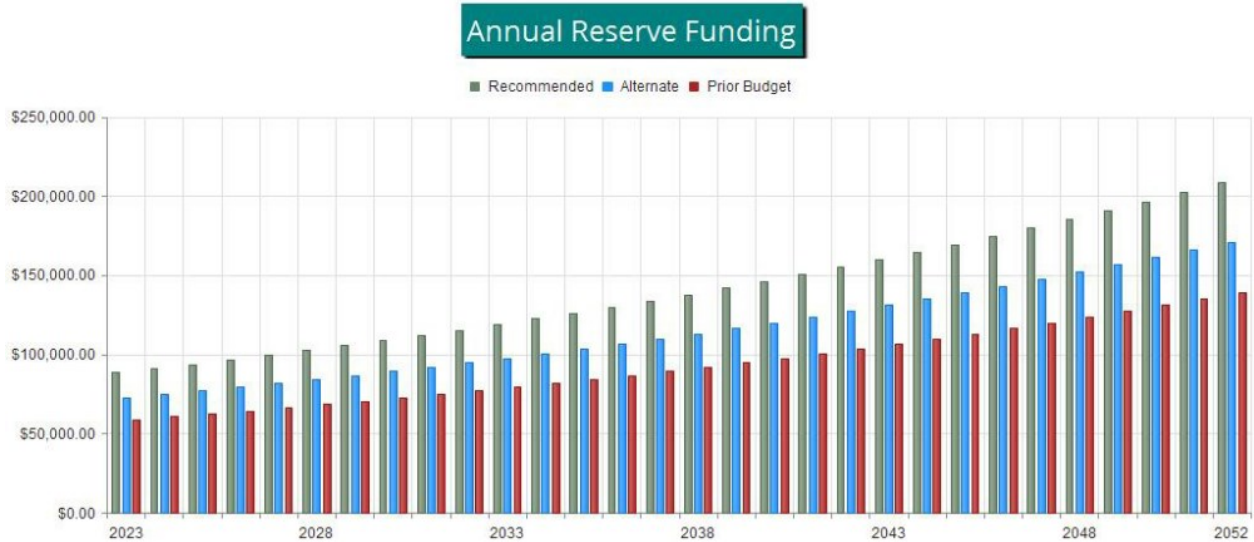


Figure 2

The 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 is shown in the 30-Yr Cash Flow (Fig. 3).

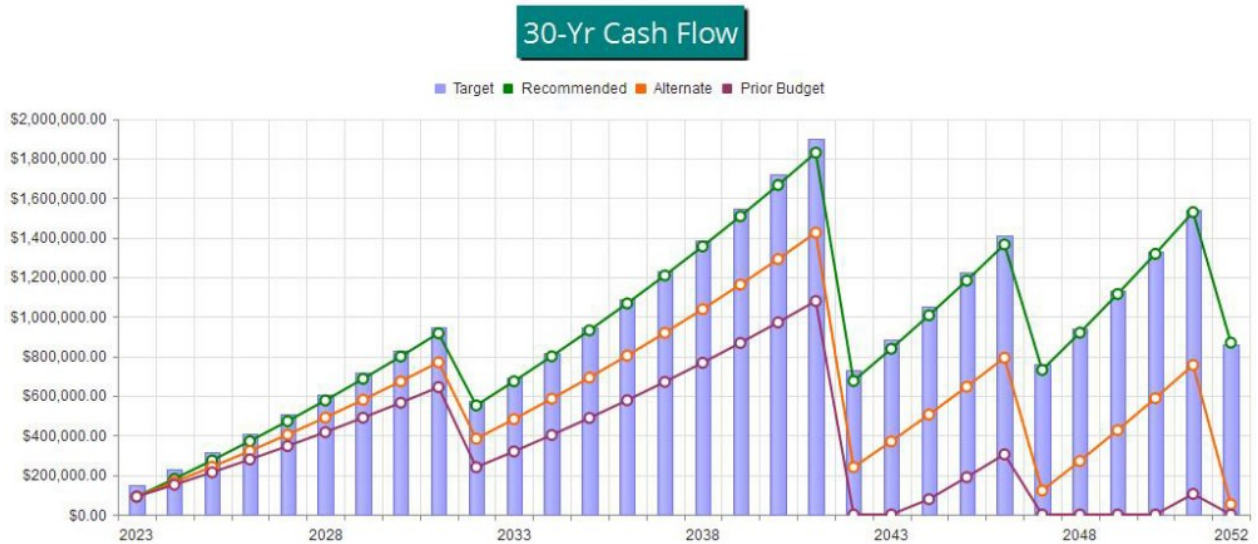


Figure 3

The information from Figure 3 is plotted on a Percent Funded scale in Figure 4. It is clear here to see how your Reserve Fund strength approaches the 100% Funded level under our recommended multi-yr Funding Plan. A client that has a percent funded level of <30% may experience an ~ 20%-60% chance risk of special assessment. A client that is between 30% and 70% may experience an ~ 20%-5% chance risk of special assessment. A client that has a percent funded of >70% may experience an ~ <1% chance risk of special assessment.

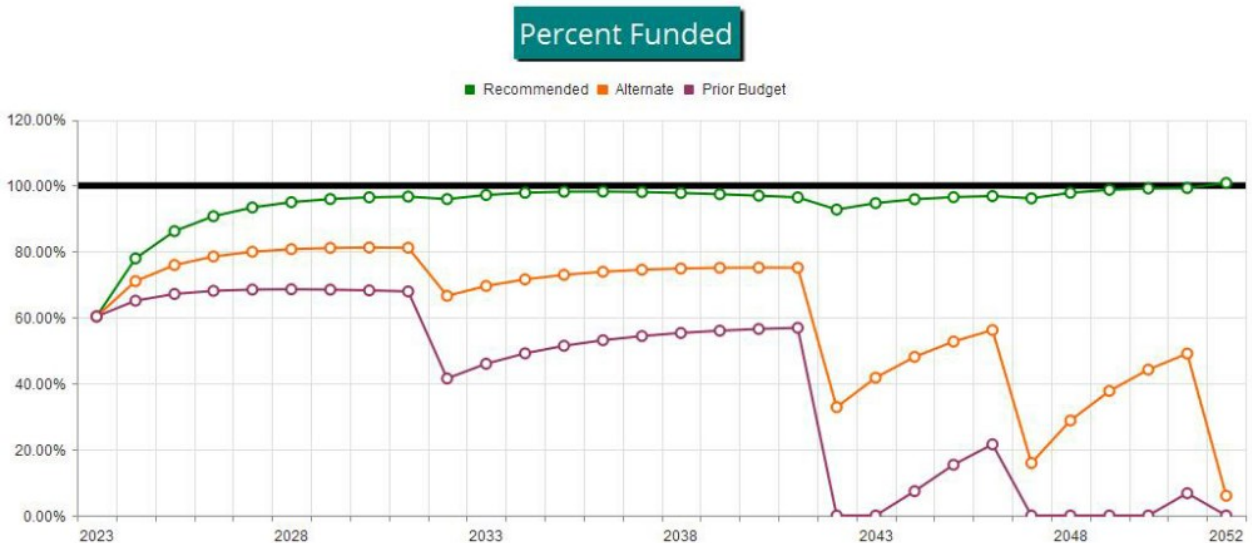


Figure 4



Executive Summary is a summary of your Reserve Components

Reserve Component List Detail discloses key Component information, providing the foundation upon which the financial analysis is performed.

Fully Funded Balance shows the calculation of the Fully Funded Balance for each of your components, and their contributions to the property total. For each component, the Fully Funded Balance is the fraction of life used up multiplied by its estimated Current Replacement Cost.

Component Significance shows the relative significance of each component to Reserve funding needs of the property, 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 its Useful Life, then that component's percentage of the total is displayed.

30-Yr Reserve Plan Summary 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 at the beginning of each year.

30-Year Income/Expense Detail shows the detailed income and expenses for each of the next 30 years. This table makes it possible to see which components are projected to require repair or replacement in a particular year, and the size of those individual expenses.

#	Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate	
					Best Case	Worst Case
<b>Holmes</b>						
1000	Holmes Homes Lake Run - Placeholder		10	9	\$0	\$0
1000	Holmes Homes Porcini - Placeholder		10	9	\$0	\$0
23330	Ewok Stucco/Hardie - Seal/Paint	~ 59100 GSF	10	8	\$91,000	\$120,000
23330	Firefly 2-4Plex Hardie - Seal/Paint	~ 39600 GSF	10	8	\$61,000	\$82,000
23330	Firefly Stucco/Hardie - Paint	~ 113900 GSF	10	8	\$180,000	\$230,000
23560	Firefly 3 Story Roof: TPO - Replace	~ 52200 GSF	20	18	\$261,000	\$522,000
23570	Ewok Roof: Comp Shingle - Replace	~ 43200 GSF	25	23	\$180,000	\$220,000
23570	Firefly Comp Shingle - Replace	~ 45700 GSF	25	23	\$190,000	\$240,000
23600	Firefly Roof: Metal - Replace	~ 1300 GSF	40	38	\$14,000	\$18,000

9 Total Funded Components



#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
Holmes								
1000	Holmes Homes Lake Run - Placeholder	\$0	X	1	/	10	=	\$0
1000	Holmes Homes Porcini - Placeholder	\$0	X	1	/	10	=	\$0
23330	Ewok Stucco/Hardie - Seal/Paint	\$105,500	X	2	/	10	=	\$21,100
23330	Firefly 2-4Plex Hardie - Seal/Paint	\$71,500	X	2	/	10	=	\$14,300
23330	Firefly Stucco/Hardie - Paint	\$205,000	X	2	/	10	=	\$41,000
23560	Firefly 3 Story Roof: TPO - Replace	\$391,500	X	2	/	20	=	\$39,150
23570	Ewok Roof: Comp Shingle - Replace	\$200,000	X	2	/	25	=	\$16,000
23570	Firefly Comp Shingle - Replace	\$215,000	X	2	/	25	=	\$17,200
23600	Firefly Roof: Metal - Replace	\$16,000	X	2	/	40	=	\$800
								\$149,550

#	Component	Useful Life (yrs)	Current Cost Estimate	Deterioration Cost/Yr	Deterioration Significance
<b>Holmes</b>					
1000	Holmes Homes Lake Run - Placeholder	10	\$0	\$0	0.00 %
1000	Holmes Homes Porcini - Placeholder	10	\$0	\$0	0.00 %
23330	Ewok Stucco/Hardie - Seal/Paint	10	\$105,500	\$10,550	14.11 %
23330	Firefly 2-4Plex Hardie - Seal/Paint	10	\$71,500	\$7,150	9.56 %
23330	Firefly Stucco/Hardie - Paint	10	\$205,000	\$20,500	27.42 %
23560	Firefly 3 Story Roof: TPO - Replace	20	\$391,500	\$19,575	26.18 %
23570	Ewok Roof: Comp Shingle - Replace	25	\$200,000	\$8,000	10.70 %
23570	Firefly Comp Shingle - Replace	25	\$215,000	\$8,600	11.50 %
23600	Firefly Roof: Metal - Replace	40	\$16,000	\$400	0.53 %
9	Total Funded Components			\$74,775	100.00 %



# 30-Year Reserve Plan Summary

Report # 41127-1  
No-Site-Visit

Fiscal Year Start: 2023

Interest: 1.00 %

Inflation: 3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date	Projected Reserve Balance Changes
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Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase In Annual Reserve Funding	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
2023	\$90,240	\$149,550	60.3 %	Medium	49.90 %	\$88,500	\$0	\$1,351	\$0
2024	\$180,091	\$231,055	77.9 %	Low	3.00 %	\$91,155	\$0	\$2,267	\$0
2025	\$273,513	\$317,315	86.2 %	Low	3.00 %	\$93,890	\$0	\$3,219	\$0
2026	\$370,622	\$408,543	90.7 %	Low	3.00 %	\$96,706	\$0	\$4,209	\$0
2027	\$471,537	\$504,960	93.4 %	Low	3.00 %	\$99,608	\$0	\$5,237	\$0
2028	\$576,382	\$606,793	95.0 %	Low	3.00 %	\$102,596	\$0	\$6,306	\$0
2029	\$685,284	\$714,282	95.9 %	Low	3.00 %	\$105,674	\$0	\$7,415	\$0
2030	\$798,373	\$827,674	96.5 %	Low	3.00 %	\$108,844	\$0	\$8,567	\$0
2031	\$915,783	\$947,227	96.7 %	Low	3.00 %	\$112,109	\$0	\$7,332	\$483,906
2032	\$551,319	\$574,785	95.9 %	Low	3.00 %	\$115,472	\$0	\$6,119	\$0
2033	\$672,910	\$692,520	97.2 %	Low	3.00 %	\$118,937	\$0	\$7,357	\$0
2034	\$799,204	\$816,802	97.8 %	Low	3.00 %	\$122,505	\$0	\$8,644	\$0
2035	\$930,353	\$947,917	98.1 %	Low	3.00 %	\$126,180	\$0	\$9,980	\$0
2036	\$1,066,513	\$1,086,164	98.2 %	Low	3.00 %	\$129,965	\$0	\$11,367	\$0
2037	\$1,207,845	\$1,231,853	98.1 %	Low	3.00 %	\$133,864	\$0	\$12,806	\$0
2038	\$1,354,515	\$1,385,306	97.8 %	Low	3.00 %	\$137,880	\$0	\$14,300	\$0
2039	\$1,506,695	\$1,546,857	97.4 %	Low	3.00 %	\$142,017	\$0	\$15,850	\$0
2040	\$1,664,562	\$1,716,854	97.0 %	Low	3.00 %	\$146,277	\$0	\$17,457	\$0
2041	\$1,828,295	\$1,895,659	96.4 %	Low	3.00 %	\$150,665	\$0	\$12,509	\$1,316,832
2042	\$674,638	\$727,310	92.8 %	Low	3.00 %	\$155,185	\$0	\$7,557	\$0
2043	\$837,380	\$884,182	94.7 %	Low	3.00 %	\$159,841	\$0	\$9,215	\$0
2044	\$1,006,436	\$1,049,811	95.9 %	Low	3.00 %	\$164,636	\$0	\$10,938	\$0
2045	\$1,182,010	\$1,224,582	96.5 %	Low	3.00 %	\$169,575	\$0	\$12,726	\$0
2046	\$1,364,311	\$1,408,894	96.8 %	Low	3.00 %	\$174,662	\$0	\$10,469	\$819,038
2047	\$730,404	\$759,554	96.2 %	Low	3.00 %	\$179,902	\$0	\$8,241	\$0
2048	\$918,548	\$938,902	97.8 %	Low	3.00 %	\$185,299	\$0	\$10,158	\$0
2049	\$1,114,006	\$1,128,329	98.7 %	Low	3.00 %	\$190,858	\$0	\$12,150	\$0
2050	\$1,317,014	\$1,328,275	99.2 %	Low	3.00 %	\$196,584	\$0	\$14,218	\$0
2051	\$1,527,816	\$1,539,203	99.3 %	Low	3.00 %	\$202,482	\$0	\$11,975	\$873,988
2052	\$868,285	\$861,384	100.8 %	Low	3.00 %	\$208,556	\$0	\$9,770	\$0

Fiscal Year	2023	2024	2025	2026	2027
Starting Reserve Balance	\$90,240	\$180,091	\$273,513	\$370,622	\$471,537
Annual Reserve Funding	\$88,500	\$91,155	\$93,890	\$96,706	\$99,608
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,351	\$2,267	\$3,219	\$4,209	\$5,237
<b>Total Income</b>	<b>\$180,091</b>	<b>\$273,513</b>	<b>\$370,622</b>	<b>\$471,537</b>	<b>\$576,382</b>
# Component					
<b>Holmes</b>					
1000 Holmes Homes Lake Run - Placeholder	\$0	\$0	\$0	\$0	\$0
1000 Holmes Homes Porcini - Placeholder	\$0	\$0	\$0	\$0	\$0
23330 Ewok Stucco/Hardie - Seal/Paint	\$0	\$0	\$0	\$0	\$0
23330 Firefly 2-4Plex Hardie - Seal/Paint	\$0	\$0	\$0	\$0	\$0
23330 Firefly Stucco/Hardie - Paint	\$0	\$0	\$0	\$0	\$0
23560 Firefly 3 Story Roof: TPO - Replace	\$0	\$0	\$0	\$0	\$0
23570 Ewok Roof: Comp Shingle - Replace	\$0	\$0	\$0	\$0	\$0
23570 Firefly Comp Shingle - Replace	\$0	\$0	\$0	\$0	\$0
23600 Firefly Roof: Metal - Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Ending Reserve Balance	\$180,091	\$273,513	\$370,622	\$471,537	\$576,382

<b>Fiscal Year</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>
Starting Reserve Balance	\$576,382	\$685,284	\$798,373	\$915,783	\$551,319
Annual Reserve Funding	\$102,596	\$105,674	\$108,844	\$112,109	\$115,472
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$6,306	\$7,415	\$8,567	\$7,332	\$6,119
<b>Total Income</b>	<b>\$685,284</b>	<b>\$798,373</b>	<b>\$915,783</b>	<b>\$1,035,225</b>	<b>\$672,910</b>
# Component					
<b>Holmes</b>					
1000 Holmes Homes Lake Run - Placeholder	\$0	\$0	\$0	\$0	\$0
1000 Holmes Homes Porcini - Placeholder	\$0	\$0	\$0	\$0	\$0
23330 Ewok Stucco/Hardie - Seal/Paint	\$0	\$0	\$0	\$133,644	\$0
23330 Firefly 2-4Plex Hardie - Seal/Paint	\$0	\$0	\$0	\$90,574	\$0
23330 Firefly Stucco/Hardie - Paint	\$0	\$0	\$0	\$259,688	\$0
23560 Firefly 3 Story Roof: TPO - Replace	\$0	\$0	\$0	\$0	\$0
23570 Ewok Roof: Comp Shingle - Replace	\$0	\$0	\$0	\$0	\$0
23570 Firefly Comp Shingle - Replace	\$0	\$0	\$0	\$0	\$0
23600 Firefly Roof: Metal - Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$483,906</b>	<b>\$0</b>
Ending Reserve Balance	\$685,284	\$798,373	\$915,783	\$551,319	\$672,910

<b>Fiscal Year</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>
Starting Reserve Balance	\$672,910	\$799,204	\$930,353	\$1,066,513	\$1,207,845
Annual Reserve Funding	\$118,937	\$122,505	\$126,180	\$129,965	\$133,864
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$7,357	\$8,644	\$9,980	\$11,367	\$12,806
<b>Total Income</b>	<b>\$799,204</b>	<b>\$930,353</b>	<b>\$1,066,513</b>	<b>\$1,207,845</b>	<b>\$1,354,515</b>
# Component					
<b>Holmes</b>					
1000 Holmes Homes Lake Run - Placeholder	\$0	\$0	\$0	\$0	\$0
1000 Holmes Homes Porcini - Placeholder	\$0	\$0	\$0	\$0	\$0
23330 Ewok Stucco/Hardie - Seal/Paint	\$0	\$0	\$0	\$0	\$0
23330 Firefly 2-4Plex Hardie - Seal/Paint	\$0	\$0	\$0	\$0	\$0
23330 Firefly Stucco/Hardie - Paint	\$0	\$0	\$0	\$0	\$0
23560 Firefly 3 Story Roof: TPO - Replace	\$0	\$0	\$0	\$0	\$0
23570 Ewok Roof: Comp Shingle - Replace	\$0	\$0	\$0	\$0	\$0
23570 Firefly Comp Shingle - Replace	\$0	\$0	\$0	\$0	\$0
23600 Firefly Roof: Metal - Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Ending Reserve Balance	\$799,204	\$930,353	\$1,066,513	\$1,207,845	\$1,354,515

<b>Fiscal Year</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>
Starting Reserve Balance	\$1,354,515	\$1,506,695	\$1,664,562	\$1,828,295	\$674,638
Annual Reserve Funding	\$137,880	\$142,017	\$146,277	\$150,665	\$155,185
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$14,300	\$15,850	\$17,457	\$12,509	\$7,557
<b>Total Income</b>	<b>\$1,506,695</b>	<b>\$1,664,562</b>	<b>\$1,828,295</b>	<b>\$1,991,470</b>	<b>\$837,380</b>
# Component					
<b>Holmes</b>					
1000 Holmes Homes Lake Run - Placeholder	\$0	\$0	\$0	\$0	\$0
1000 Holmes Homes Porcini - Placeholder	\$0	\$0	\$0	\$0	\$0
23330 Ewok Stucco/Hardie - Seal/Paint	\$0	\$0	\$0	\$179,607	\$0
23330 Firefly 2-4Plex Hardie - Seal/Paint	\$0	\$0	\$0	\$121,724	\$0
23330 Firefly Stucco/Hardie - Paint	\$0	\$0	\$0	\$348,999	\$0
23560 Firefly 3 Story Roof: TPO - Replace	\$0	\$0	\$0	\$666,503	\$0
23570 Ewok Roof: Comp Shingle - Replace	\$0	\$0	\$0	\$0	\$0
23570 Firefly Comp Shingle - Replace	\$0	\$0	\$0	\$0	\$0
23600 Firefly Roof: Metal - Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,316,832</b>	<b>\$0</b>
Ending Reserve Balance	\$1,506,695	\$1,664,562	\$1,828,295	\$674,638	\$837,380

<b>Fiscal Year</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>
Starting Reserve Balance	\$837,380	\$1,006,436	\$1,182,010	\$1,364,311	\$730,404
Annual Reserve Funding	\$159,841	\$164,636	\$169,575	\$174,662	\$179,902
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$9,215	\$10,938	\$12,726	\$10,469	\$8,241
<b>Total Income</b>	<b>\$1,006,436</b>	<b>\$1,182,010</b>	<b>\$1,364,311</b>	<b>\$1,549,443</b>	<b>\$918,548</b>
# Component					
<b>Holmes</b>					
1000 Holmes Homes Lake Run - Placeholder	\$0	\$0	\$0	\$0	\$0
1000 Holmes Homes Porcini - Placeholder	\$0	\$0	\$0	\$0	\$0
23330 Ewok Stucco/Hardie - Seal/Paint	\$0	\$0	\$0	\$0	\$0
23330 Firefly 2-4Plex Hardie - Seal/Paint	\$0	\$0	\$0	\$0	\$0
23330 Firefly Stucco/Hardie - Paint	\$0	\$0	\$0	\$0	\$0
23560 Firefly 3 Story Roof: TPO - Replace	\$0	\$0	\$0	\$0	\$0
23570 Ewok Roof: Comp Shingle - Replace	\$0	\$0	\$0	\$394,717	\$0
23570 Firefly Comp Shingle - Replace	\$0	\$0	\$0	\$424,321	\$0
23600 Firefly Roof: Metal - Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$819,038</b>	<b>\$0</b>
Ending Reserve Balance	\$1,006,436	\$1,182,010	\$1,364,311	\$730,404	\$918,548

<b>Fiscal Year</b>	<b>2048</b>	<b>2049</b>	<b>2050</b>	<b>2051</b>	<b>2052</b>
Starting Reserve Balance	\$918,548	\$1,114,006	\$1,317,014	\$1,527,816	\$868,285
Annual Reserve Funding	\$185,299	\$190,858	\$196,584	\$202,482	\$208,556
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$10,158	\$12,150	\$14,218	\$11,975	\$9,770
<b>Total Income</b>	<b>\$1,114,006</b>	<b>\$1,317,014</b>	<b>\$1,527,816</b>	<b>\$1,742,273</b>	<b>\$1,086,611</b>
# Component					
<b>Holmes</b>					
1000 Holmes Homes Lake Run - Placeholder	\$0	\$0	\$0	\$0	\$0
1000 Holmes Homes Porcini - Placeholder	\$0	\$0	\$0	\$0	\$0
23330 Ewok Stucco/Hardie - Seal/Paint	\$0	\$0	\$0	\$241,376	\$0
23330 Firefly 2-4Plex Hardie - Seal/Paint	\$0	\$0	\$0	\$163,587	\$0
23330 Firefly Stucco/Hardie - Paint	\$0	\$0	\$0	\$469,025	\$0
23560 Firefly 3 Story Roof: TPO - Replace	\$0	\$0	\$0	\$0	\$0
23570 Ewok Roof: Comp Shingle - Replace	\$0	\$0	\$0	\$0	\$0
23570 Firefly Comp Shingle - Replace	\$0	\$0	\$0	\$0	\$0
23600 Firefly Roof: Metal - Replace	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$873,988</b>	<b>\$0</b>
Ending Reserve Balance	\$1,114,006	\$1,317,014	\$1,527,816	\$868,285	\$1,086,611



## Accuracy, Limitations, and Disclosures

Association Reserves and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Bryan Farley, R.S., president of the Colorado LLC, is a credentialed Reserve Specialist (#260). All work done by Association Reserves is performed under his Responsible Charge and is performed in accordance with National Reserve Study Standards (NRSS). There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the client's situation.

Per NRSS, information provided by official representative(s) of the client, vendors, and suppliers regarding financial details, component physical details and/or quantities, or historical issues/conditions will be deemed reliable, and is not intended to be used for the purpose of any type of audit, quality/forensic analysis, or background checks of historical records. As such, information provided to us has not been audited or independently verified.

Estimates for interest and inflation have been included, because including such estimates are more accurate than ignoring them completely. When we are hired to prepare Update reports, the client is considered to have deemed those previously developed component quantities as accurate and reliable, whether established by our firm or other individuals/firms (unless specifically mentioned in our Site Inspection Notes). During inspections our company standard is to establish measurements within 5% accuracy, and our scope includes visual inspection of accessible areas and components and does not include any destructive or other testing. Our work is done only for budget purposes. Uses or expectations outside our expertise and scope of work include, but are not limited to, project audit, quality inspection, and the identification of construction defects, hazardous materials, or dangerous conditions. Identifying hidden issues such as but not limited to plumbing or electrical problems are also outside our scope of work. Our estimates assume proper original installation & construction, adherence to recommended preventive maintenance, a stable economic environment, and do not consider frequency or severity of natural disasters. Our opinions of component Useful Life, Remaining Useful Life, and current or future cost estimates are not a warranty or guarantee of actual costs or timing.

Because the physical and financial status of the property, legislation, the economy, weather, owner expectations, and usage are all in a continual state of change over which we have no control, we do not expect that the events projected in this document will all occur exactly as planned. This Reserve Study is by nature a "one-year" document in need of being updated annually so that more accurate estimates can be incorporated. It is only because a long-term perspective improves the accuracy of near-term planning that this Report projects expenses into the future. We fully expect a number of adjustments will be necessary through the interim years to the cost and timing of expense projections and the funding necessary to prepare for those estimated expenses.





## 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). Equivalent to Square Feet
<b>GSY</b>	Gross Square Yards (area). Equivalent to Square Yards
<b>HP</b>	Horsepower
<b>LF</b>	Linear Feet (length)
<b>Effective Age</b>	The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.
<b>Fully Funded Balance (FFB)</b>	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.
<b>Inflation</b>	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 the "30-yr Income/Expense Detail" table.
<b>Interest</b>	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.
<b>Percent Funded</b>	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.
<b>Remaining Useful Life (RUL)</b>	The estimated time, in years, that a common area component can be expected to continue to serve its intended function.
<b>Useful Life (UL)</b>	The estimated time, in years, that a common area component can be expected to serve its intended function.



## Component Details

The primary purpose of the photographic appendix is to provide the reader with the basis of our funding assumptions resulting from our physical analysis and subsequent research. The photographs herein represent a wide range of elements that were observed and measured against National Reserve Study Standards to determine if they meet the criteria for reserve funding:

- 1) Common are maintenance, repair & replacement reasonability
- 2) Components must have a limited life
- 3) Life limit must be predictable
- 4) Above a minimum threshold cost (board's discretion – typically ½ to 1% of annual operating expenses).

Some components are recommended for reserve funding, while others are not. The components that meet these criteria in our judgment are shown with corresponding maintenance, repair or replacement cycles to the left of the photo (UL = Useful Life or how often the project is expected to occur, RUL = Remaining Useful Life or how many years from our reporting period) and a representative market cost range termed “Best Cost” and “Worst Cost” below the photo. There are many factors that can result in a wide variety of potential cost; we are attempting to represent a market average for budget purposes. Where there is no UL, the component is expected to be a one-time expense. Where no pricing, the component deemed inappropriate for Reserve Funding.

## Holmes

**Comp #: 1000 Holmes Homes Lake Run - Placeholder****Quantity:**

Location:

Funded?: Yes.

History:

Comments:

Useful Life: 10 years

Remaining Life: 9 years

Best Case: \$ 0

Worst Case: \$0

Cost Source:

**Comp #: 1000 Holmes Homes Porcini - Placeholder****Quantity:**

Location:

Funded?: Yes.

History:

Comments:

Useful Life: 10 years

Remaining Life: 9 years

Best Case: \$ 0

Worst Case: \$0

Cost Source:

**Comp #: 23330 Ewok Stucco/Hardie - Seal/Paint****Quantity: ~ 59100 GSF**

Location: Building Exteriors

Funded?: Yes.

History:

Comments:

Useful Life: 10 years

Remaining Life: 8 years

Best Case: \$ 91,000

Worst Case: \$120,000

Cost Source: ARI Cost Database: Similar Project

Cost History

**Comp #: 23330 Firefly 2-4Plex Hardie - Seal/Paint****Quantity: ~ 39600 GSF**

Location: Building Exteriors

Funded?: Yes.

History:

Comments:

Useful Life: 10 years

Remaining Life: 8 years

Best Case: \$ 61,000

Worst Case: \$82,000

Cost Source: ARI Cost Database: Similar Project

Cost History

**Comp #: 23330 Firefly Stucco/Hardie - Paint****Quantity: ~ 113900 GSF**

Location: Building Exteriors - 3 Story

Funded?: Yes.

History:

Comments:

Useful Life: 10 years

Remaining Life: 8 years

Best Case: \$ 180,000

Worst Case: \$230,000

Cost Source: ARI Cost Database: Similar Project

Cost History

**Comp #: 23560 Firefly 3 Story Roof: TPO - Replace****Quantity: ~ 52200 GSF**

Location: Building Exteriors

Funded?: Yes.

History:

Comments:

Useful Life: 20 years

Remaining Life: 18 years

Best Case: \$ 261,000

Worst Case: \$522,000

Cost Source: ARI Cost Database: Similar Project

Cost History

**Comp #: 23570 Ewok Roof: Comp Shingle - Replace**

**Quantity: ~ 43200 GSF**

Location: Building Exteriors

Funded?: Yes.

History:

Comments:

Useful Life: 25 years

Remaining Life: 23 years

Best Case: \$ 180,000

Worst Case: \$220,000

Cost Source: ARI Cost Database: Similar Project

Cost History

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**Comp #: 23570 Firefly Comp Shingle - Replace**

**Quantity: ~ 45700 GSF**

Location: Building Exteriors - 2-4 Plex

Funded?: Yes.

History:

Comments:

Useful Life: 25 years

Remaining Life: 23 years

Best Case: \$ 190,000

Worst Case: \$240,000

Cost Source: ARI Cost Database: Similar Project

Cost History

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**Comp #: 23600 Firefly Roof: Metal - Replace**

**Quantity: ~ 1300 GSF**

Location: Building Exteriors

Funded?: Yes.

History:

Comments:

Useful Life: 40 years

Remaining Life: 38 years

Best Case: \$ 14,000

Worst Case: \$18,000

Cost Source: ARI Cost Database: Similar Project

Cost History

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