

Sorrel Ranch HOA
Aurora Parkway & Alexander Drive
Aurora, CO 80016



Level 1 Reserve Analysis

Report Period – 01/01/09 – 12/31/09

Client Reference Number - 7824
Property Type – SFD
Number of Units – 660
Fiscal Year End – December 31

**Final
Version**

Date of Property Inspection – February 12, 2009
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Report was prepared on - Wednesday, November 25, 2009

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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 Sorrel Ranch HOA, Inc. -**Association ID # - 07824-09**

Reported Starting Balance as of January 1, 2009 -	\$7,750
Ideal Reserve Balance as of January 1, 2009 -	\$146,640
Percent Funded as of January 1, 2009 -	5%
Recommended Reserve Allocation (per month) -	\$5,125
Minimum Reserve Allocation (per month) -	\$4,675
Recommended Special Assessment (2009) -	\$0

Information to complete this Reserve Analysis was gathered during property inspection of the common area elements on February 13, 2009. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representative (Community 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 currently contains approximately 230 detached homes within a master association that also has many sub-divisions. When construction of the property is completed, approximately 660 homes will be a part of this community. Construction of the community started in 2007 and continues today, with the completion date unknown due to current market demands. The responsibilities of the master association include the fencing that surrounds the perimeter of each sub-division, entry monuments, landscaping, an irrigation system, a pool area with a pool house with restrooms, and a parking lot. Since the community is relatively new, there have not been any Reserve projects completed recently. Based on the age of the community and observed conditions, there are a few components that will need to be addressed over the next couple years. These include painting the iron fences, refurbishing the crushed granite pathways, and seal coating the parking lot. Please refer to pages 11 – 14 of the financial analysis section for a more detailed listing of when components are scheduled.

In comparing the projected balance of \$7,750 versus the ideal Reserve Balance of \$146,640, we find the association Reserve fund to be in a less than ideal financial position at this point in time (only 5% funded of ideal). Associations in this position are typically susceptible to Special Assessments and deferred maintenance, which can lead to lower property values and deferred maintenance. However, despite this financial status, the association has plenty of time to strengthen the Reserve account before major projects are scheduled. Therefore, we find it necessary to recommend a substantial increase of the Reserve contribution to \$5,125 per month starting immediately (representing an increase of approximately \$15.76 per unit), followed by nominal annual increases of 4.25% thereafter to help offset the effects of inflation.

In the percent Funded graph, you will see we have also provided a "minimum Reserve contribution" of \$4,675 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where additional Special Assessments, deferred maintenance, and lower property values are possible at some point in the future.

The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period. This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (less than \$2.00 per unit per month in this case) to the Reserve fund to only stay above a certain threshold. As you can see, the difference between the two scenarios is considered to be extremely minimal, and based on the risk involved, we strongly suggest the recommended Reserve Allocation is followed.

Comp #: 105 Comp Shingle Roof - Replace



Observations:

No unusual conditions observed at time of inspection, such as loose or missing shingles. This roof appears to be a "30-year" rated shingle. Despite this rating, replacement typically needs to occur within 15 - 20 years due to weather elements such as hail, wind, and temperature fluctuations. It is not recommended that an overlay is applied when a roof needs to be replaced. With overlays, it may cause further damage from hailstones due to being a softer surface and wind due to uneven surfaces. Therefore, Reserve funding includes complete tearoff and replacement.

Location: Pool Area Building

Quantity: 45 Squares roof, 300 LF gutters/ds

Life Expectancy: 20 Remaining Life: 18

Best Cost: \$13,775

Estimate to replace roof and gutters/downspouts

Worst Cost: \$13,500

Higher estimate for better quality

Source of Information: Cost Database

General Notes:

roof -
45 sqs at \$275 - \$300/square = \$12500 - \$13500
raingutters/downspouts -
300 LF at \$4.25 - \$4.75/LF = \$1275 - \$1425

Comp #: 120 Gutters/Downspouts - Replace



Observations:

No unusual conditions of the rain gutters or downspouts were observed during inspection. Some of the tip down extensions for the downspouts were smashed on the ends and should be repaired. Typically, properties replace rain gutters and downspouts at the same time as roofing materials to ensure proper size for drainage. Due to the small amount of gutters and downspouts, we suggest including the cost of the lines with the roof cost. Repair on an as needed basis with general operating funds.

Location: Pool Area Building

Quantity: Approx. 300 LF

Life Expectancy: N/A Remaining Life:

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

Rain Gutters - 150 LF
Downspouts - 150 LF

Comp #: 202 Wood Trim - Stain



Observations:

Exterior wood trim surfaces are generally in good condition, no drying or deterioration noted. Restain and seal these surfaces approximately every 3 to 5 years to maintain appearance and protect wood. Remaining life based on current age and condition.

Location: Pool Area Building

Quantity: Extensive

Life Expectancy: 3 **Remaining Life:** 1

Best Cost: \$1,500

Estimate to restain wood trim

Worst Cost: \$1,800

Higher estimate for more prep work

Source of Information: Cost Database

General Notes:

Building - Extensive use of rough sawn cedar beams and trim. Will need to be re-stain and sealed every 3-5 years depending on wear.

Trellis System -

Front of Building - 2 x 8 Beams: 318 LF

South Side of Building - 2 x 8 Beams: 270 LF

West Side of Building - 2 x 8 Beams: 130 LF

Comp #: 207 Iron Fencing - Repaint



Observations:

There were some signs of rusting and corrosion noted at welds and connections, as well as faded paint and thin areas. Iron fencing in filing 1 needs coat of paint lots of rusting at welds. Based on the observed conditions, we recommend painting these surfaces this next year to protect the materials against further deterioration. In this climate, we recommend repainting this component every 3 - 4 years to maintain appearance and protect metal surfaces. Remaining life based on current condition.

Location: Throughout Community

Quantity: Approx. 1,100 LF

Life Expectancy: 3 **Remaining Life:** 0

Best Cost: \$4,400

\$4.00/LF; Estimate to repaint fence

Worst Cost: \$4,950

\$4.50/LF; Higher estimate

Source of Information: Cost Database

General Notes:

Pool Area - 410 LF
Filing 1 - 80 LF
Filing 6 - 75 LF
Filing 7 - 200 LF
Bridge at Buchanan - 105 LF
Bridge leading to Filing 10 - 230 LF

Comp #: 215 Exterior Surfaces - Repaint



Observations:

Siding and paint is in good condition at time of inspection. There was no evidence of fading or discoloration noted. In this climate, we recommend repainting exterior surfaces every 5 - 7 years to maintain an appropriate appearance and protect the materials from exposure to elements. We suggest coordinating wood trim staining at the same time as painting for best cost estimate.

Location: Pool Area Building

Quantity: Approx. 3500 GSF

Life Expectancy: 6 **Remaining Life:** 4

Best Cost: \$2,400

Estimate to repaint trim and siding

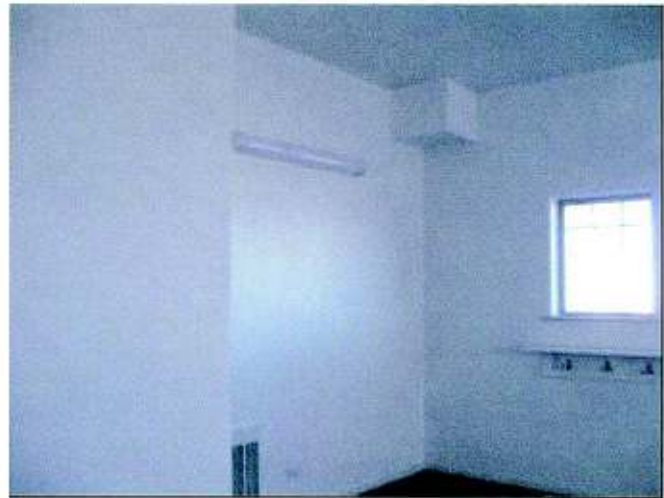
Worst Cost: \$2,750

Higher estimate for more labor, prep work

Source of Information: Cost Database

General Notes:

Comp #: 216 Interior Surfaces - Repaint



Observations:

Painted surfaces are generally in good condition with no major signs of wear or marks. Drywall seams are visible and some cracking has occurred. Based on observed conditions, we suggest waiting until the next time exterior surfaces are scheduled to be painted. By scheduling the interiors at the same time as the exteriors, the association will be able to obtain the best painting cost possible. In between painting cycles, we recommend touching up areas on an as needed basis with general operating funds.

Location: Building Breezeway, restrooms

Quantity: Approx. 5060 GSF

Life Expectancy: 6 **Remaining Life:** 4

Best Cost: \$3,550
\$.70/GSF; Estimate to repaint

Worst Cost: \$4,300
\$.85/GSF; Higher estimate

Source of Information: Cost Database

General Notes:

breezeway - 1950 GSF
restrooms - 3110 GSF

Comp #: 304 Fiber Cement Siding - Replace



Observations:

There were no major problems noted at time of inspection. Any minor repairs can be performed as a maintenance issue as part of prep work before painting. According to the manufacturer of this product, this material has a 50+ year warranty against defects that will require replacement. Therefore, at this time, we do not suggest Reserving for replacement of siding or trim materials. If deterioration is observed in future years, there is plenty of time available to add to Reserves without substantially affecting the contribution rate. If replacement was needed, expect to spend approximately \$12.00/GSF or approximately \$42,000 at today's dollars (2009).

Location: **Clubhouse building**

Quantity: **Approx. 3500 GSF**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Comp #: 306 Manufactured Stone - Replace



Observations:

Stones appeared to be adhered to the sides well with no loose or missing stone noted. These are cultured stones with a flat backing to ensure proper attachment to the buildings. Typically, these stones have an extended life expectancy and complete replacement is unlikely. There are times where some stones will loosen and fall off, but this is unpredictable when and how much would occur. Repairs should be handled as a maintenance issue on an as needed basis. No reserve funding is required for this component at this time. If it later turns out that frequent repairs are necessary, then funding could be added in future Reserve Study updates.

Location: Pool Area Building

Quantity: Approx. 3500 GSF

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

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

Building - Approx. 3250 GSF
Trellis System Columns - Approx. 240 GSF

Comp #: 401 Asphalt - Overlay**Observations:**

In general, the asphalt is in good condition with no signs of major cracking, or any other signs of deterioration. The parking lot is fairly new and the integrity has remained intact. The average life expectancy for asphalt surfaces ranges between 20 - 27 years for surfaces that are maintained on a regular schedule. Maintenance includes crack fill and repairing small potholes annually as an operating expense. In addition, asphalt should be seal coated every 3 - 4 years, depending on the level of traffic and snow removing techniques.

Location: Pool Area Parking**Quantity: Approx. 11000 GSF****Life Expectancy: 24 Remaining Life: 22****Best Cost: \$13,750**

\$1.25/GSF; Estimate for an overlay

Worst Cost: \$15,400

\$1.40/GSF; Higher estimate for local repairs

Source of Information: Cost Database**General Notes:**

Comp #: 402 Asphalt - Seal Coat/crack fill



Observations:

Surface has not been seal coated since it was installed. Industry professionals recommend sealing within 12 months of final application. Current conditions are good with some dryness and minor cracks. In this environment, expect to seal asphalt every 3 - 4 years, depending on traffic levels and effects from weather. Sealcoating is applied to protect the asphalt from ultra-violet rays and water. This helps in slowing the process of oxidation, cracking, and raveling. While acting as a protective barrier, it also maintains the appearance of the community to maintain or improve property values.

Location: Pool Area Parking

Quantity: Approx. 11000 GSF

Life Expectancy: 4 **Remaining Life:** 2

Best Cost: \$1,500

Estimate for a minimum trip charge

Worst Cost: \$2,000

Higher estimate includes repairs/crack fill

Source of Information: Cost Database

General Notes:

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



Observations:

There were no major signs of problems noted at time of inspection other than a few minor cracks. It appeared that drainage was adequate as there were no signs of water stains or standing water at time of inspection. In this environment, concrete is subject to settling, cracking, and spalling. As a result, periodic repairs and replacements will be necessary. Similar to other concrete surfaces, we suggest establishing a Reserve fund to repair and replace approximately 10% of total area (345 GSF) every 4 years. Remaining life based on average condition.

Location: Pool Area Parking

Quantity: Approx. 3450 GSF

Life Expectancy: 4 **Remaining Life:** 2

Best Cost: \$2,775

Estimate to repair 10% of area every 4 years

Worst Cost: \$3,100

Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

drain pans - 510 GSF
curb and gutters - 2935 GSF

Comp #: 503 Utility Doors - Replace



Observations:

No problems noted at the time of inspection. The life expectancy of these doors is indefinite due to the quality and the minimal amount of use on an annual basis. Therefore, Reserve funding for complete replacement is not necessary at this time.

Location: **Bathrooms, storage, pool mech rooms** *General Notes:*

Quantity: **(4) 3x7 Steel doors**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

Comp #: 506 Windows - Replace



Observations:

All doors and windows were functioning normally with no unusual conditions observed at time of inspection. Since these windows are non-habitable rooms, then collective replacement will not be necessary to maintain efficiency. We suggest replacing on an as needed basis with general operating funds, not Reserves.

Location: Pool Area Building
Quantity: (26) Assorted windows
Life Expectancy: N/A **Remaining Life:**
Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

Window Sizes: No Brand Name Available
 2.5 x 2.0 - 16
 2.5 x 2.5 - 4
 4.0 x 4.0 - 2
 1.0 x 4.0 - 4

Comp #: 601 Concrete Sidewalks/Decks - Repair



Observations:

All of the concrete surfaces are new and in good condition with only minor areas of cracking noted. Similar to other concrete surfaces, it is unlikely that all concrete surfaces will fail and need to be replaced at the same time. Therefore, we suggest establishing a Reserve fund for frequent repairs and replacement to a percentage of the area (5% or 2310 GSF) every 5 years. Coordinate repairs with other concrete surfaces for best cost estimate. As the property ages, the percentage of replacement may need to be increased in future Reserve Study updates.

Location: Throughout Community

Quantity: Approx. 46,140 GSF

Life Expectancy: 4 **Remaining Life:** 2

Best Cost: \$18,500

Allowance to repair 5% of area every 4 years

Worst Cost: \$20,800

Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

Pool Area Parking - approx. 2,550 GSF

Pool Area Breezeway - 500 GSF

Pool deck - 6280 GSF

Filing 1

8ft walks - 7,400 GSF

5ft walks - 1,915 GSF

Filing 2

8ft walks - 16,520 GSF

5ft walks - 1,660 GSF

Filing 6

8ft walks - 6,640 GSF

Filing 7

5ft walks - 675 GSF

Filing 8

5ft walks - 2,000 GSF

Comp #: 602 Crushed Granite Pathway - Replenish



Observations:

There was extensive signs of dirt washed over the pathway, or material that has been washed away from heavy rains. Based on the age of the community and the type of materials that are used here, we suggest establishing a Reserve allowance for periodic maintenance and refurbishment every 2 - 3 years. Refurbishment includes weed abatement, trimming any grass encroachment, and replenishing the crushed granite.

Location: Filing 6

Quantity: Approx. 3,600 GSF

Life Expectancy: 3 **Remaining Life:** 0

Best Cost: \$7,200

\$2.00/GSF; Estimate to refurbish, add new material

Worst Cost: \$9,000

\$2.50/GSF; Higher estimate for more labor, material

Source of Information: Cost Database

General Notes:

Comp #: 703 Hot Water Heater Tank - Replace

Picture Unavailable

Picture Unavailable

Observations:

Heater is new and in good condition. It was shut off at time of inspection due to the building and pool area being winterized. There were no problems reported at the time of inspection. Due to the minimized level of use (only 3 months a year), expect a replacement cycle of approximately 15 - 20 years from this component. Remaining life based on age and current condition.

Location: Pool Area Storage Room**Quantity: (1) Bradford White****Life Expectancy: 20 Remaining Life: 18****Best Cost: \$6,500**

Estimate to replace with similar

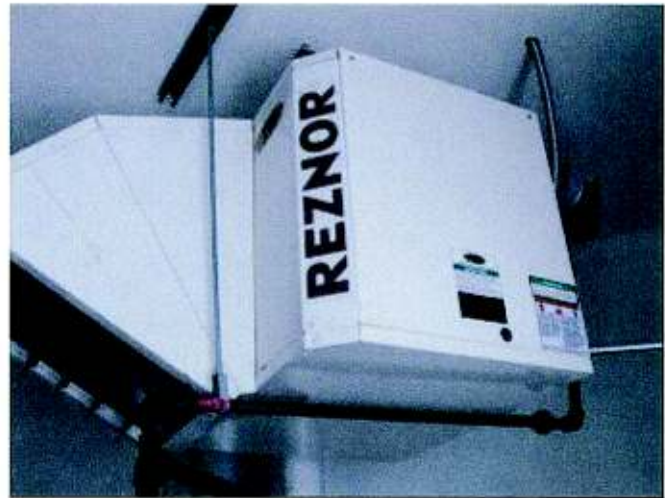
Worst Cost: \$7,500

Higher estimate for more efficiency

Source of Information: Cost Database**General Notes:**

Bathroom Water Heater - Bradford White
Model # PDV10052003N
Serial # DA8714051 D/N
100 Gallon Natural Gas
199999 BTU
Install Date: Based on C/O date of 6/29/07

Comp #: 706 Space Heater - Replace



Observations:

Heater is in good condition with no observed or reported problems noted at the time of inspection. Heater is used to maintain an adequate temperature for the equipment room. Depending on the level of use, expect a useful life of approximately 15 - 20 years from this component.

Location: **Pool Area Filter/Boiler Room**

Quantity: **(1) Reznor**

Life Expectancy: **18** *Remaining Life:* **16**

Best Cost: **\$1,500**

Estimate to replace

Worst Cost: **\$1,800**

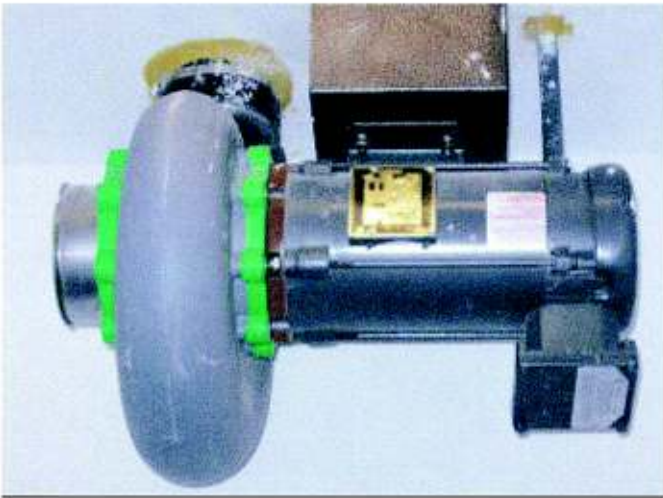
Higher estimate

Source of Information: Cost Database

General Notes:

**Reznor SCV-V3 Natural Gas Heater
Model and Serial Number Not available**

Comp #: 714 Chemical Room Exhaust Fan - Replace



Observations:

Unit was in working order when inspected and appeared to be new and in good condition. Due to the low replacement cost of this unit, we suggest treating replacement on an as needed basis with general operating funds. Therefore, separate Reserve funding is not required for this component.

Location: Pool Area Storage Room

Quantity: (1) 3.3 HP motor

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

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

Could not read label for unit information

Comp #: 1002 Ironwork Fencing - Replace



Observations:

In general, the gate and lock set for the pool area is in good condition with no structural problems observed. The majority of the fences are in good condition with no structural problems observed. However, the fencing in filing is installed flush with grass with no room for soil expansion and has direct contact with soil/grass which will increase rusting and deterioration. The fence in filing 1 needs coat of paint as it exhibited extensive signs of rusting at welds. The fence at S. Buchanan cul de sac iron was not attached at north side of column. The average replacement cycle for this type of fencing and gate typically ranges between 20 - 30 years, depending on maintenance levels and exposure to elements.

Location: Throughout Community

Quantity: Approx. 1,100 LF

Life Expectancy: 24 **Remaining Life:** 21

Best Cost: \$27,500

\$25/LF; Estimate to replace

Worst Cost: \$33,000

\$30/LF: Higher estimate

Source of Information: Cost Database

General Notes:

Pool Area - 410 LF
 (1) 8 foot iron gate entry that includes a nu
 code and keyed lock handle.
Filing 1 - 80 LF
Filing 6 - 75 LF
Filing 7 - 200 LF
Bridge at Buchanan - 105 LF
Bridge leading to Filing 10 - 230 LF

Comp #: 801 Monuments - Refurbish



Observations:

Monument areas are primarily made up of flagstone rocks and rusted steel designs. The main monument has a flagstone wall where some pieces have fallen off and will require periodic repairs. While the materials used should have an indefinite life expectancy, we recommend planning on renovating monument every 10 - 12 years to maintain current trends and an appropriate appearance for the entrances to the community. It is expected that as other areas are constructed, more monuments will be installed and these numbers may need to be adjusted in future Reserve Study updates. Lighting should be replaced as needed with general operating funds.

Location: Main and subdivision entrances

Quantity: (6) Assorted monuments

Life Expectancy: 10 **Remaining Life:** 8

Best Cost: \$3,500

Allowance for general repairs

Worst Cost: \$4,500

Higher allowance for more renovations costs

Source of Information: Cost database

General Notes:

Main entrance - (E. Alexander and S. Aurora)
Flagstone Columns with (4) Steel Caps - 700
1550 GSF of flagstone wall
(4) uplights

Filing 1 'Steel Dust'
Powers Pl & Aurora Pkwy
(2) Iron and Flagstone monuments with 3.5'
iron 'steel dust' sign
Buchanan & E Alexander Dr
(1) Iron and Flagstone monuments with 3.5'
iron 'steel dust' sign

Filing 2 'Fleet wing'
Catawaba & E Alexander Dr
(1) Iron and Flagstone monuments with 3.5'
iron 'Fleet wing' sign

Comp #: 1003 Concrete Fence - Replace



Observations:

Pre-Cast concrete perimeter wall appeared in good condition. We observed one section that was missing the top cap in filing 6 at the intersection of E Garden Dr and E Alexander Dr. Also observed another area in filing 6 along Aurora Parkway near the fire hydrant at the backyard of the 3rd house west of the intersection of Catawaba Way and Duquesne Ct that appeared more unstable than any other areas of the wall. According to the vendor, this material has a 10 year warranty against manufacturer defects. If moisture enters these cracks and with the temperature fluctuations, frequent cracking can be expected. While these panels can be replaced as needed, gradual replacement will result in a patch quilt appearance, which will lead to complete replacement.

Location: Perimeter of subdivisions

Quantity: Approx. 7,590 LF

Life Expectancy: 30 **Remaining Life:** 25

Best Cost: \$341,550

\$45/LF; Estimate to replace

Worst Cost: \$379,500

\$50/LF; Higher estimate

Source of Information: Research with contractor

General Notes:

Filing 1 - 1,270 LF
Filing 2 - 575 LF
Filing 6 - 1,710 LF
Filing 7 - 2,075 LF
Filing 8 - 1,960 LF

Comp #: 1005 Stone Columns- Major Repairs



Observations:

All columns were in very good condition with no signs of loose stones at time of inspection. While it is unlikely that the entire column will need to be replaced, it is likely that major repairs will be necessary to replace loose or missing stones. Depending on the effects from weather and potential vandalism, we suggest establishing a Reserve fund for periodic repairs to the pillars every 10 years.

Location: Perimeter Fencing, Pool Area

Quantity: Approx. 27,845 GSF

Life Expectancy: 10 **Remaining Life:** 8

Best Cost: \$12,000

Allowance for major repairs every 10 years

Worst Cost: \$15,000

Higher allowance for more repairs

Source of Information: Cost database

General Notes:

Pool Area - 600 GSF
Filing 1 - 5,640 GSF
Filing 2 - 1,870 GSF
Filing 6 - 5,965 GSF
Filing 7 - 7,485 GSF
Filing 8 - 5,610 GSF
Bridge at Buchanan - 675 GSF

Comp #: 1009 Rail Fencing - Major Repairs



Picture Unavailable

Observations:

Fencing was in good condition with no observed areas where the fencing was damaged or deteriorated. At this time the fencing did not appear to have been stained or sealed to protect from exposure to elements. Protecting the fencing against the elements will help extend the useful life of the fencing. It is not expected that the entire fence will need to be replaced at the same time. Therefore, based on current conditions, we suggest establishing a Reserve allowance for partial replacement of fence every 5 years.

Location: Perimeter of Filings

Quantity: Approx. 8,475 LF

Life Expectancy: 5 **Remaining Life:** 3

Best Cost: \$38,200

\$18/LF; Estimate to replace 25% of area

Worst Cost: \$42,375

\$20/LF; Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

Filing 1 - 1,680 LF
Filing 2 - 2,970 LF
Filing 6 - 720 LF
Filing 7 - 175 LF
Filing 8 - 2,930 LF

Comp #: 1011 Retaining Wall - Replace



Observations:

We observed some loose cap stones at the wall in filing 1. The rest of the walls exhibited no significant cracking or structural problems at the time of inspection. As long as block wall was installed conforming to county code requirements this wall should have an extended useful life. This type of material has an indefinite life expectancy and complete replacement is unlikely. Therefore, Reserve funding is not required for this component.

Location: See General Notes

Quantity: Approx. 1,650 GSF

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

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

Pool Area - 500 GSF
Filing 1 end of cul de sac E Berry Ave - 475
Filing 8 near bridge to Filing 10 - 675 GSF

Comp #: 1101 Pool - Resurface



Observations:

Pools were winterized and covered at time of inspection, so it was difficult to inspect the entire surface. Of the areas we were able to inspect, the plaster was smooth and in good condition with no cracks noted. The average resurfacing cycle for pool surfaces ranges from 8 - 10 years, depending on the quality of the water and the chemical levels in the water. In this climate, frequent acid washes are required to clean the surface after being winterized for 9 months a year. These acid washes gradually "eat" away the plaster and the surface becomes rough. The useful life and remaining life is based on the condition and age of property.

Location: **Pool Area**

Quantity: **Approx. 5325 GSF**

Life Expectancy: **10** Remaining Life: **8**

Best Cost: **\$29,200**

Estimate to resurface pool and wader

Worst Cost: **\$33,500**

Higher estimate for more labor

Source of Information: Cost Database

General Notes:

POOL

Plaster - 5085 GSF (\$5.50 - \$6.25 per GSF) =
\$28,000 - \$32,000

WADER

Plaster - 240 GSF - flat rate of approximately
\$1200 - \$1500

Comp #: 1104 Coping Stone/Tile - Replace



Observations:

Pool was covered at time of inspection, so it was difficult to inspect the condition of all tiles and coping stones. The materials inspected were in good condition with no missing or broken tiles/coping stones noted. It is typical to replace these materials every other pool resurface cycle. Therefore, assuming all materials are all new and in good condition (like the ones inspected), we suggest replacing at the time of the following replaster job (in 18 years).

Location: Perimeter of pool and wader

Quantity: Approx. 380 LF, 60 GSF

Life Expectancy: 20 **Remaining Life:** 18

Best Cost: \$15,000

Estimate to replace tile and coping stones

Worst Cost: \$17,500

Higher estimate for more labor

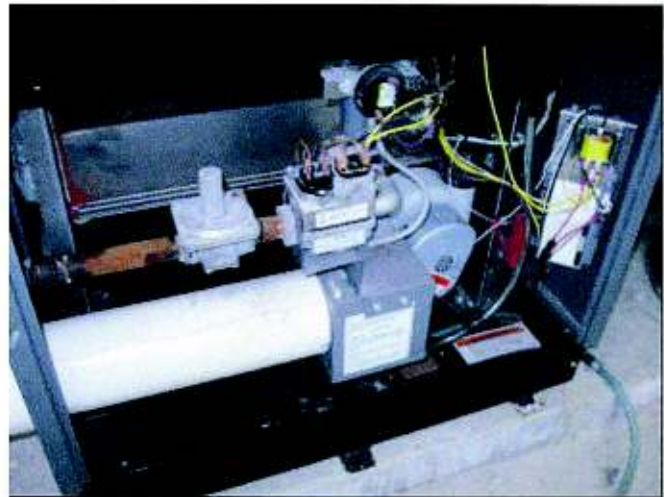
Source of Information: Cost Database

General Notes:

POOL
Tile/Coping - 280 LF (\$12,600)

WADER
Tile Entry - 60 GSF (\$1000)
Tile Water Line - 45 LF (\$1125)
Coping - 55 LF - (\$1100)

Comp #: 1105 Pool/Wader Heaters - Replace



Observations:

Heaters are relatively new and in good condition with no signs of rust or corrosion. It is possible the wader heater will fail before the pool heaters due to the extra chemicals that are typically needed for wader pools. The overall replacement cycle depends on the level of maintenance and the quality of the water running through the system. For this type of heater, the average replacement cycle will range between 12 - 15 years with proper maintenance and under normal conditions. Continue to monitor and adjust the remaining life to the wader heater if necessary.

Location: Pool Area Boiler/Filter Room

Quantity: (3) Jandy Hi-E2

Life Expectancy: 12 **Remaining Life:** 10

Best Cost: \$12,000

\$4,000/heater; Estimate to replace

Worst Cost: \$13,500

\$4,500/heater; Higher estimate for more labor

Source of Information: Cost Database

General Notes:

Wading Pool - Jandy Hi-E2
Mod. # EHE350NC Ser # G07HE0009
Man. Date: 05/2007 Nat. Gas 350,000 BTU

Main Pool #1 - Jandy Hi-E2
Mod. # EHE350NC Ser # G07HD0096
Man. Date: 04/2007 Nat. Gas 350,000 BTU

Main Pool #2 - Jandy Hi-E2
Mod. # EHE350NC Ser # G07HE0010
Man. Date: 05/2007 Nat. Gas 350,000 BTU

Comp #: 1108 Pool/Wader Filters - Replace



Observations:

No unusual conditions observed at time of inspection. Pool and filtration system was shut down and winterized at time of inspection, so unable to inspect for current leaks. Typical replacement cycle ranges from 15 - 20 years, depending on maintenance and water quality.

Location: Pool Area Heater/Filter Room

Quantity: (5) Pentair Triton II

Life Expectancy: 17 **Remaining Life:** 15

Best Cost: \$6,250
\$1250/filter; Estimate to replace

Worst Cost: \$7,500
\$1500/filter; Higher estimate

Source of Information: Cost Database

General Notes:

Wader - Part # 140210	Ser # 01010950700831
Pool #1 - Part # 140210	Ser # 0101120070023
Pool #2 - Part # 140210	Ser # 0101120070023
Pool #3 - Part # 140210	Ser # 0101120070023
Pool #4 - Part # 140210	Ser # 0101120070023

Comp #: 1111 Pool/Wader Pumps - Replace



Observations:

No unusual conditions were observed or reported at time of report preparation. The life expectancy for this equipment can differ depending on the level of use and maintenance, as well as the quality of the equipment. Therefore, we suggest establishing an allowance for periodic replacement of the equipment. Meaning, this is just an allowance to provide the association some funds to replace equipment when required.

Location: **Pool Area Heater/Filter Room**

Quantity: **(3) 3HP Purex pumps**

Life Expectancy: **8** *Remaining Life:* **6**

Best Cost: **\$2,500**

Estimate to replace all pumps/motor units

Worst Cost: **\$2,800**

Higher estimate

Source of Information: Cost Database

General Notes:

Pump #1 - Pool WFE-12 Serial # 3/27/07
Pump #2 - Pool WFE-12 Serial # 1/03/07
Pump #3 - Pool WFE-12 Serial # 2/12/07

Comp #: 1112 Pool/Spa Sanitizers - Replace



Observations:

Both units appeared in good condition but were not in operation due to winterization of the pools. According to the manufacturer, the average replacement cycle for this type of unit ranges between 5 - 8 years depending on level of use. For pools that are only used 3 months a year, the replacement cycle may be extended a few years. At this time, establish a replacement cycle of 7 years and adjust the useful life in future Reserve Study updates if required.

Location: Pool Area Heater/Filter Room

Quantity: (2) Del Zone

Life Expectancy: 7 **Remaining Life:** 5

Best Cost: \$2,000

Estimate to replace

Worst Cost: \$2,500

Higher estimate

Source of Information: Cost Database

General Notes:

Wader - Delzone Total Eclipse - \$700

Main Pool - Delzone Total Eclipse - \$1500

Delzone - 800-676-1335 www.delozone.com

Comp #: 1112 Pool/Wader Levelers - Replace



Observations:

No unusual conditions observed during inspection. Pools were winterized at time of inspection so operation could not be verified. The replacement cost of these units (less than \$400 each) is too small for separate Reserve designation. Therefore, at this time, we suggest treating replacement on an as needed basis with operating funds.

Location: **Pool Area Heater/Filter Room**

Quantity: **(2) Levolors**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

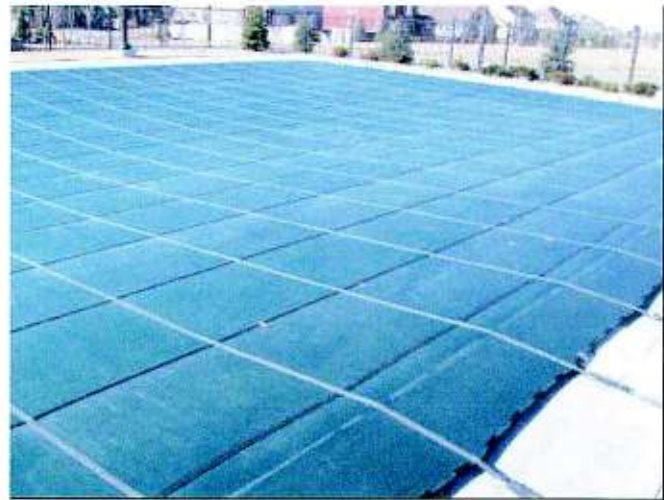
General Notes:

**Water Levolors - Millennium System Dynamics
800-962-3445**

Levolor #1 - Wader Mod # LE110V Ser # 062

Levolor #2 - Main Pool Mod # LE110V Ser # 1

Comp #: 1113 Pool/Wader Covers - Replace



Observations:

Covers were in good condition at time of inspection with no signs of tears, fading or fraying around edges. While most cover manufacturers carry a 10 year warranty against defects, there are strict storage requirements to adhere to the warranty. In this environment, the cover fabric typically has a life expectancy of 6 - 10 years. The replacement cost is a little higher than normal for the pool cover due to the need for a custom design.

Location: Attached to pools

Quantity: Approx. 4800 GSF

Life Expectancy: 10 **Remaining Life:** 8

Best Cost: \$11,000

Estimate to replace covers

Worst Cost: \$14,000

Higher estimate for better quality

Source of Information: Cost Database

General Notes:

pool - approx. 4480 GSF at \$2.50 = \$11,200
wader - approx. 315 GSF at \$4.75 = \$1,500

Comp #: 1118 Lifeguard Stand - Replace

Picture Unavailable

Picture Unavailable

Observations:

Both lifeguard stands were stacked in storage room behind the tables and chairs and could not be inspected thoroughly. They appear to be in good condition with no noticeable damage or deterioration. In most associations, these will have a replacement cycle of 12 - 15 years. These are stored away during winter months, so we would expect a replacement cycle on the longer cycle.

Location: Pool Area Storage Room**Quantity:** (2) Stands**Life Expectancy:** 12 **Remaining Life:** 10**Best Cost:** \$5,000

\$2500/stand; Estimate to replace

Worst Cost: \$6,000

Higher estimate for larger chair

Source of Information: Cost Database**General Notes:**

Comp #: 1121 Pool Furniture - Replace



Observations:

It was difficult to inspect all pieces because they were still stacked upon each other. From what we were able to inspect, the furniture is in fair condition with no major signs of broken straps or significant sun damage noted at the time of inspection. The replacement cycle depends on the level of use and care. Remaining life based on current age and condition. These are stored during winter months, so expect a longer replacement cycle. The association is planning on buying new umbrellas before the 2009 swim season begins.

Location: Pool Area Storage Room

Quantity: Approx. 63 assorted pieces

Life Expectancy: 8 **Remaining Life:** 6

Best Cost: \$7,875

\$125/piece; Average cost to replace furniture

Worst Cost: \$9,450

\$150/piece; Higher average for better quality

Source of Information: Cost Database

General Notes:

Lounge Chairs - 25
Chairs - 20
Large Tables (Round) - 2
Small Tables (Round) - 11
Trash Receptacle - 1
Umbrella Stands - 2
Umbrellas - 1

Comp #: 1304 Drinking Fountain - Replace



Observations:

No problems noted with drinking fountain at the time of inspection. System was winterized. Due to the minimal replacement cost associated with this component, Reserve funding is not appropriate. Repair and replace as necessary as an operating expense.

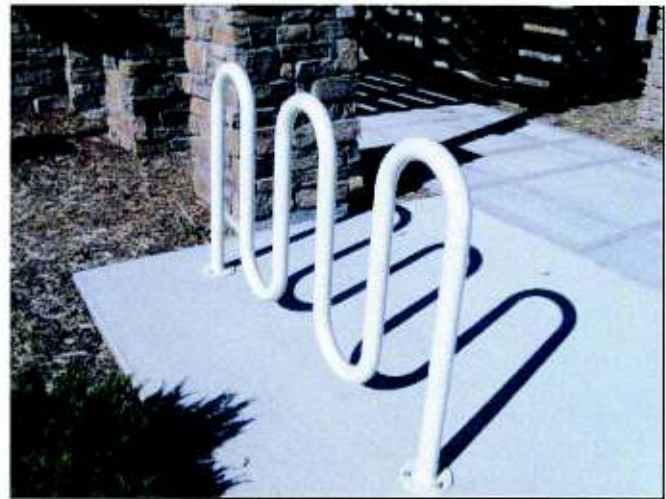
Location: Pool Area Building
Quantity: (1) Elkay wall mount
Life Expectancy: N/A Remaining Life:
Best Cost: \$0
Worst Cost: \$0

General Notes:

cooler generator in pool equipment room
 unit attached to wall outside

Source of Information:

Comp #: 1308 Park Equipment - Replace



Observations:

All found to be in good condition with no unusual conditions observed during inspection. The individual cost (less than \$400 each) of the bike rack is too small for separate Reserve designation. However, the trash receptacles will eventually need to be replaced and the cost of these warrant funding when combined to be replaced at the same time. We suggest replacing all at same time to maintain a consistent appearance.

Location: Pool Area Building
Quantity: (4) Trash, (1) Bike rack
Life Expectancy: 15 **Remaining Life:** 13
Best Cost: \$3,000
 \$750/trash; Estimate to replace

Worst Cost: \$3,400
 \$850/trash; Higher estimate

Source of Information: Cost Database

General Notes:

Steel Trash Receptacles -
3 located outside, 1 located in storage room
(1) Bike rack

Comp #: 1311 Pet Waste Pick Up Stations - Replace



Observations:

No unusual conditions observed during inspection. The individual replacement cost of these stations (less than \$400 each) is too small for Reserve consideration. Therefore, we recommend replacing these on an as needed basis with general operating funds.

Location: **Along Pathways**

Quantity: **(4) Pet Waste Stations**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Filing 1 - (2) Pet Waste Stations
Filing 2 - (2) Pet Waste Stations

Comp #: 1405 Furnishings - Replace



Observations:

No problems noted with benches at the time of inspection. Due to the minimal replacement cost and long life associated with wood benches of this type, Reserve funding is not appropriate. Make repairs or replacements as necessary as an operating expense.

Location: Pool Area Restroom
Quantity: (8) Assorted benches
Life Expectancy: N/A **Remaining Life:**
Best Cost: \$0
Worst Cost: \$0

General Notes:

Locker Room Wood Benches
4 - Five Foot Benches
4 - Seven Foot Benches

Source of Information:

Comp #: 1413 Restrooms - Remodel



Observations:

In general, restrooms are in good condition with no significant signs of wear or deterioration. These rooms are used only 3 months a year, so expect a longer life expectancy than most applications. Most associations perform a general remodel of the restroom/locker room interiors every 15 - 20 years to maintain appearance and keep up with current decorative trends. The final decision is up to the community members in deciding when to spend the money to perform this project since it is considered cosmetic and discretionary.

Location: Men's and women's restrooms

Quantity: (2) 625 GSF restrooms each

Life Expectancy: 18 **Remaining Life:** 16

Best Cost: \$30,000

\$15000/restroom; Estimate for similar remodel

Worst Cost: \$35,000

\$17500/restroom; Higher estimate

Source of Information: Cost Database

General Notes:

Corian Vanity Countertops -
(2) at 16 GSF each = 32 GSF x \$50/GSF = \$1,600

Bathroom Partitions -
(1) urinal wall mount screen - \$200
(3) enclosures - \$650 each on average

(3) Toilets with Motion Controlled Sloan's Valves (\$750 each) = \$2,250

(1) Urinal with Motion Controlled Sloan's Valve \$625

(4) Vanity Sinks with Motion Controlled Sink Faucets - \$450 each = \$1,800

(4) Shower Valves, Trims and Heads - \$200 each = \$800

Shower Wall Tile -
(2) @ 500 GSF each = 1000 GSF x \$17/GSF = \$17,000

Coated flooring -
625 GSF ea. @ \$3.00 - \$3.50/GSF = \$3,750 -

Comp #: 1420 Computer System

Picture Unavailable

Picture Unavailable

Observations:

System is just stored and was not turned on at time of inspection. Could not test and could not reach system to identify model and serial numbers. It is possible this system is used primarily for check in and verification of residency in Sorrel Ranch. The life expectancy of most computer systems ranges between 5 - 7 years, depending on the type of software used and advances in technology. Reserve to replace every 7 years at this time.

Location: **Pool Area Storage Room**

Quantity: **(1) Dell Monitor and CPU**

Life Expectancy: **7** *Remaining Life:* **5**

Best Cost: **\$1,200**

Estimate to replace

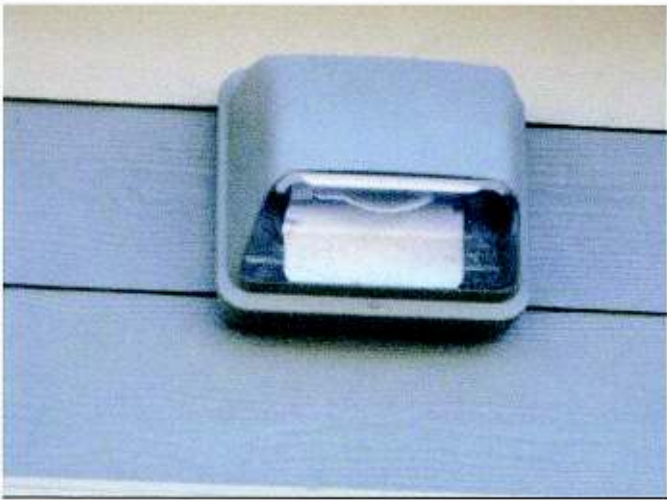
Worst Cost: **\$1,500**

Higher estimate for upgraded equipment

Source of Information: Cost Database

General Notes:

Comp #: 1602 Exterior Wall Mount - Replace



Observations:

No unusual conditions were observed or reported at time of inspection. While replacement can occur on an as needed basis, it is our opinion and recommendation to replace all lights at the same time every 15 - 20 years to maintain a consistent appearance throughout the property. In addition, by replacing multiple fixtures, the association will be able to obtain a quantity discount for the fixtures. Estimated replacement cost includes labor for installation.

Location: **Pool Area Building**

Quantity: **(20) Assorted lights**

Life Expectancy: **20** *Remaining Life:* **18**

Best Cost: **\$2,500**
\$125/light; Estimate to replace

Worst Cost: **\$3,000**
\$150/light; Higher estimate for better quality

Source of Information: Cost Database

General Notes:

Wall Flood Lights - 4
Wall Sconce Lights - 6
Trellis System Spot Lights - 10

Comp #: 1604 Pole Lights - Replace



Observations:

No structural problems noted with lights at the time of inspection. Paint these pole lights regularly to prevent rust damage, maintain an appropriate appearance, and to ensure a full life expectancy. Expect to replace these lights approximately every 20 - 30 years to maintain appearance and function.

Location: Pool Area

Quantity: (12) Assorted lights

Life Expectancy: 27 **Remaining Life:** 25

Best Cost: \$19,200

\$1600/light; Estimate to replace and install

Worst Cost: \$24,000

\$2000/light; Higher estimate

Source of Information: Cost Database

General Notes:

Parking - 7 at approx. 20 feet tall
Pool - 5 at approx 15 feet tall

Comp #: 1608 Can Lights - Replace



Observations:

No unusual conditions observed during inspection. The individual replacement cost (less than \$60 each) is too small for separate Reserve designation. Also, these are not considered to be decorative lights, so periodic replacement should not effect the consistent appearance of the clubhouse. Therefore, we suggest replacing these on an as needed basis with general operating funds.

Location: **Pool Area Building**

Quantity: **(43) Assorted can lights**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

40 - 4" Mini Can Lights
3 - 6" Standard Can Lights

Comp #: 1608 Interior Lights - Replace



Observations:

No unusual conditions observed during inspection. The individual replacement cost (less than \$100 each) is too small for separate Reserve designation. Therefore, we suggest replacing or repairing these on an as needed basis with general operating funds, or include replacement as part of the restroom remodel costs.

Location: **Pool Area Restrooms**

Quantity: **(26) Assorted lights**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Recessed Can Lights - 4
Florescent Lights - 22

Comp #: 1701 Irrigation System - Rebuild



Observations:

Irrigation system appears to be functional and in good condition with no visible problems noted during inspection. The materials used during construction should have a long life expectancy with proper maintenance. At this time, there is no expectancy to completely replace the system and Reserve funding is not recommended. We recommend the association establish a line item in the general operating budget for annual repairs to necessary components of the system (broken lines, sprinkler heads, valves, backflow preventers, etc). If it later turns out that complete replacement will be necessary, expect to spend approximately \$1,000,000 (\$3,000 per zone) for a new system, plus landscaping.

Location: **Landscaped areas**

Quantity: **Extensive system**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Comp #: 1703 Irrigation Timeclocks - Replace



Observations:

System was winterized at time of inspection, so we were unable to test the function of the clocks. The base of the clock at E. Brandt place was very unstable and should be repaired. Also, both enclosures were exhibiting signs of rust and corrosion at the E. Berry Ave. location. Ages of clocks vary between 1 and 6 years old. Under normal conditions (not including Acts of God, vandalism, etc.) these clocks should last 10 - 12 years with proper maintenance. Due to the varying ages of the clocks, we suggest establishing a Reserve allowance to replace 3 clocks every 4 years. As the property ages and grows, it is expected more areas will be brought on and more clocks may be added. These numbers can be adjusted in future Reserve Study updates.

Location: **Throughout Community**

Quantity: **(10) Assorted timeclocks**

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

Best Cost: **\$7,500**

Estimate to replace 3 clocks every 4 yrs (\$2500 ea)

Worst Cost: **\$8,250**

Higher estimate for upgraded clock (\$2750 each)

Source of Information: Cost Database

General Notes:

Clubhouse

(1) Rainbird, ESP-16LX Plus, s/n-1284899, 11/19/05
Filing 1

E Alexander Dr & Aurora Pkwy (D)

(1) Rainbird, ESP-24MC, s/n-0332295, 11/19/05

E Berry Ave & Aurora Pkwy(A,B)

(1) Rainbird, ESP-32MC, s/n-0324389, 2/16/06

(1) Rainbird, ESP-16MC, s/n-0318283, 10/31/05

Buchanan & E Alexander Dr

(1) Rainbird, ESP-32MC, s/n-0294870, 9/24/05

Filing 2

Coolidge & Alexander

(1) Rainbird, ESP-16MC, s/n-0409460, 4/7/06

E Brandt Pl

(1) Rainbird, ESP-40MC, s/n-0593240, 6/17/05

Filing 6

Gravel Tract near entrance

(1) Hunter, ICC-800M, May 2005

Filing 7

Along De Gaulle

(1) Rainbird, ESP-40MC, s/n-1657434, 5/31/05

Filing 8

Comp #: 1706 Backflow Devices - Replace



Observations:

No problems noted at the time of inspection. Due to the minimal replacement cost (\$500 - \$800 each) and unpredictable useful life associated with this component, reserve funding is not appropriate. Make repairs and replacements as necessary as an operating expense.

Location: Throughout Community

Quantity: Approx. (10) Backflows

Life Expectancy: N/A Remaining Life:

Best Cost: \$0

Worst Cost: \$0

Source of Information:

General Notes:

Main Entry - 1
Filing 1
 1.5" Febco 825Y - Alexander & Aurora Pkwy
 Berry Ave & Aurora Pkwy, Cul de Sac end of
 Berry Ave
 1" Febco 825Y - behind monument at Buch
 & Alexander
Filing 2
 1.5" Febco 825Y - Coolidge & Alexander
 1" Febco 825Y - E Brandt Pl
Filing 6
 2" Febco 825Y - West of city park
**Filing 7 (both wrapped in insulation for
 winterization)**
 (1) Grand Baker Ct
 (1) Alamo Dr & DeGaulle
Filing 8
 1.5" Febco 825Y - S Flat Rock Ct

Comp #: 2001 Trellis System - Refurbish



Observations:

All steel post and beams are in good condition with no rust showing through the paint. Re-painting should be coordinated every 3 - 4 years along with the wood beam restaining. The steel posts and beams are heavy duty and should have an extended life expectancy with proper maintenance. We suggest replacing the wood cross members on an as needed basis with general operating funds before staining occurs.

Location: **Clubhouse area**

Quantity: **(9) Assorted trellis'**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Front of Pool Building
 Steel Posts (6"x6") - 6 @ approx. 36 lf
 Steel Beams (2"x6") - approx. 140 lf
 Wood cross members - (18) 2"x8"x9', (13) 2"x8"x10'

South Side of Pool Building
 Steel Posts (6"x6") - 4 @ approx. 24 lf
 Steel Beams (2"x6") - approx. 120 lf
 Wood cross members - (18) 2"x8"x9', (9) 2"x8"x10'

West Side of Pool Building
 Steel Posts (6"x6") - 2 @ approx. 12 lf
 Steel Beams (2"x6") - approx. 75 lf
 Wood cross members - (13) 2"x8"x10'

Comp #: 2002 Shade Structure - Construction

Picture Unavailable

Picture Unavailable

Observations:

It was reported that the association will be constructing a new shade structure before the 2009 swim season begins. The type of materials used are unknown to us at this time. Most shade structures have a replacement cycle of 20 - 25 years, depending on the quality of construction and the types of materials used. Adjust this component as necessary once the structures are constructed.

Location: Pool area**Quantity:** Unknown**Life Expectancy:** 25 **Remaining Life:** 0**Best Cost:** \$5,000

Estimate to build new structure

Worst Cost: \$6,000

Higher estimate for more labor

Source of Information: Cost Database**General Notes:**

Funding Summary For Sorrel Ranch HOA, Inc.

Beginning Assumptions

Financial Information Source	Research With Client
# of units	230
Fiscal Year End	December 31, 2009
Budgeted Monthly Dues	\$18,048.00
Budgeted Monthly Reserve Allocation	\$1,500.00
Projected Starting Reserve Balance	\$7,750
Ideal Starting Reserve Balance	\$146,640

Economic Factors

Current Inflation Rate	4.50%
Reported After-Tax Interest Rate	3.50%

Current Reserve Status

Current Balance as a % of Ideal Balance	5%
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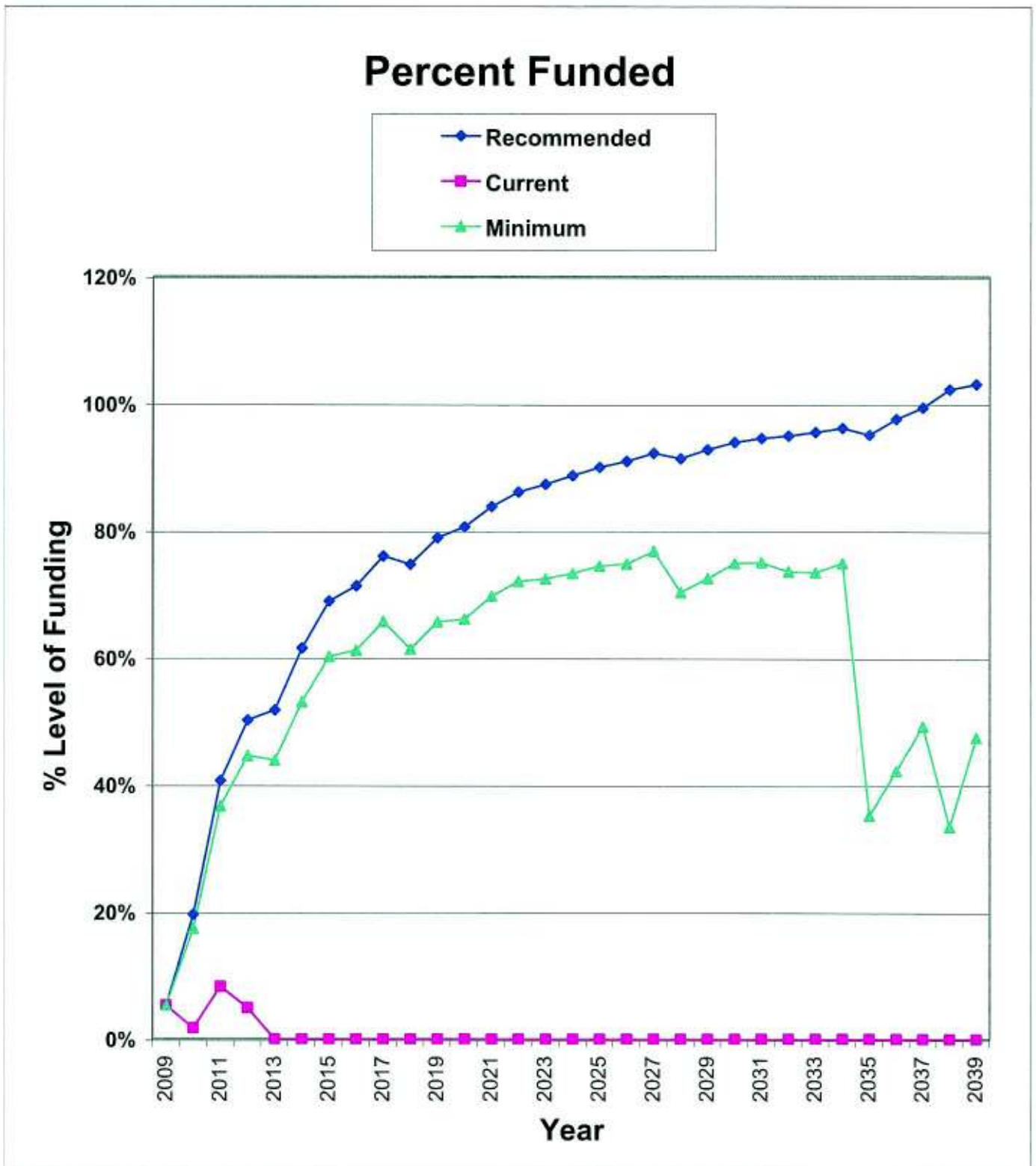
Recommendations

Monthly Reserve Allocation	\$5,125
Per Unit	\$22.28
Minimum Monthly Reserve Allocation	\$4,675
Per Unit	\$20.33
Nominal Annual Increases	4.25%
# of Years	30
Special Assessment	\$0
Per Unit	\$0

Changes From Prior Year

Increase/Decrease to Reserve Allocation	\$3,625
as Percentage	242%
Per Unit	\$15.76

Percent Funded Graph For Sorrel Ranch HOA, Inc.



Component Inventory for Sorrel Ranch HOA

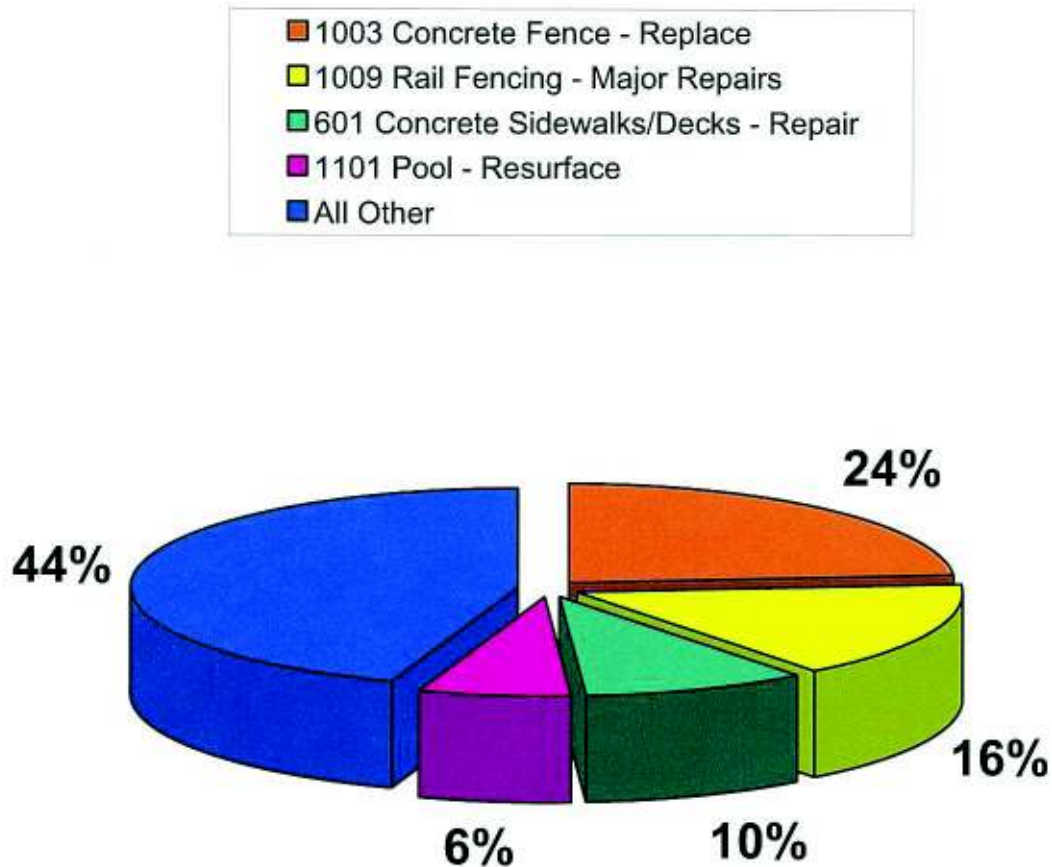
Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	105	Comp Shingle Roof - Replace	20	18	\$13,775	\$13,500
	120	Gutters/Downspouts - Replace	N/A		\$0	\$0
Painted Surfaces	202	Wood Trim - Stain	3	1	\$1,500	\$1,800
	207	Iron Fencing - Repaint	3	0	\$4,400	\$4,950
	215	Exterior Surfaces - Repaint	6	4	\$2,400	\$2,750
	216	Interior Surfaces - Repaint	6	4	\$3,550	\$4,300
Siding Materials	304	Fiber Cement Siding - Replace	N/A		\$0	\$0
	306	Manufactured Stone - Replace	N/A		\$0	\$0
Drive Materials	401	Asphalt - Overlay	24	22	\$13,750	\$15,400
	402	Asphalt - Seal Coat/crack fill	4	2	\$1,500	\$2,000
	406	Drain Pans/Curb/Gutters - Repair	4	2	\$2,775	\$3,100
Property Access	503	Utility Doors - Replace	N/A		\$0	\$0
	506	Windows - Replace	N/A		\$0	\$0
Decking	601	Concrete Sidewalks/Decks - Repair	4	2	\$18,500	\$20,800
	602	Crushed Granite Pathway - Replenish	3	0	\$7,200	\$9,000
Mechanical Equip.	703	Hot Water Heater Tank - Replace	20	18	\$6,500	\$7,500
	706	Space Heater - Replace	18	16	\$1,500	\$1,800
	714	Chemical Room Exhaust Fan - Replace	N/A		\$0	\$0
Prop. Identification	801	Monuments - Refurbish	10	8	\$3,500	\$4,500
Fencing/Walls	1002	Ironwork Fencing - Replace	24	21	\$27,500	\$33,000
	1003	Concrete Fence - Replace	30	25	\$341,550	\$379,500
	1005	Stone Columns- Major Repairs	10	8	\$12,000	\$15,000
	1009	Rail Fencing - Major Repairs	5	3	\$38,200	\$42,375
	1011	Retaining Wall - Replace	N/A		\$0	\$0
Pool/Spa	1101	Pool - Resurface	10	8	\$29,200	\$33,500
	1104	Coping Stone/Tile - Replace	20	18	\$15,000	\$17,500
	1105	Pool/Wader Heaters - Replace	12	10	\$12,000	\$13,500
	1108	Pool/Wader Filters - Replace	17	15	\$6,250	\$7,500
	1111	Pool/Wader Pumps - Replace	8	6	\$2,500	\$2,800
	1112	Pool/Spa Sanitizers - Replace	7	5	\$2,000	\$2,500
	1112	Pool/Wader Levelers - Replace	N/A		\$0	\$0
	1113	Pool/Wader Covers - Replace	10	8	\$11,000	\$14,000
	1118	Lifeguard Stand - Replace	12	10	\$5,000	\$6,000
	1121	Pool Furniture - Replace	8	6	\$7,875	\$9,450
Recreation Equip.	1304	Drinking Fountain - Replace	N/A		\$0	\$0
	1308	Park Equipment - Replace	15	13	\$3,000	\$3,400
	1311	Pet Waste Pick Up Stations - Replace	N/A		\$0	\$0
Interiors	1405	Furnishings - Replace	N/A		\$0	\$0
	1413	Restrooms - Remodel	18	16	\$30,000	\$35,000
	1420	Computer System	7	5	\$1,200	\$1,500
Light Fixtures	1602	Exterior Wall Mount - Replace	20	18	\$2,500	\$3,000
	1604	Pole Lights - Replace	27	25	\$19,200	\$24,000
	1608	Can Lights - Replace	N/A		\$0	\$0
	1608	Interior Lights - Replace	N/A		\$0	\$0
Irrig. System	1701	Irrigation System - Rebuild	N/A		\$0	\$0
	1703	Irrigation Timeclocks - Replace	4	3	\$7,500	\$8,250

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Irrig. System	1706	Backflow Devices - Replace	N/A		\$0	\$0
Miscellaneous	2001	Trellis System - Refurbish	N/A		\$0	\$0
	2002	Shade Structure - Construction	25	0	\$5,000	\$6,000

Significant Components For Sorrel Ranch HOA, Inc.

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Comp Shingle Roof - Replace	20	18	\$13,638	\$682	1.3373%
202	Wood Trim - Stain	3	1	\$1,650	\$550	1.0787%
207	Iron Fencing - Repaint	3	0	\$4,675	\$1,558	3.0562%
215	Exterior Surfaces - Repaint	6	4	\$2,575	\$429	0.8417%
216	Interior Surfaces - Repaint	6	4	\$3,925	\$654	1.2830%
401	Asphalt - Overlay	24	22	\$14,575	\$607	1.1910%
402	Asphalt - Seal Coat/crack fill	4	2	\$1,750	\$438	0.8580%
406	Drain Pans/Curb/Gutters - Repair	4	2	\$2,938	\$734	1.4403%
601	Concrete Sidewalks/Decks - Repair	4	2	\$19,650	\$4,913	9.6345%
602	Crushed Granite Pathway - Replenish	3	0	\$8,100	\$2,700	5.2953%
703	Hot Water Heater Tank - Replace	20	18	\$7,000	\$350	0.6864%
706	Space Heater - Replace	18	16	\$1,650	\$92	0.1798%
801	Monuments - Refurbish	10	8	\$4,000	\$400	0.7845%
1002	Ironwork Fencing - Replace	24	21	\$30,250	\$1,260	2.4720%
1003	Concrete Fence - Replace	30	25	\$360,525	\$12,018	23.5690%
1005	Stone Columns- Major Repairs	10	8	\$13,500	\$1,350	2.6477%
1009	Rail Fencing - Major Repairs	5	3	\$40,288	\$8,058	15.8026%
1101	Pool - Resurface	10	8	\$31,350	\$3,135	6.1484%
1104	Coping Stone/Tile - Replace	20	18	\$16,250	\$813	1.5935%
1105	Pool/Wader Heaters - Replace	12	10	\$12,750	\$1,063	2.0838%
1108	Pool/Wader Filters - Replace	17	15	\$6,875	\$404	0.7931%
1111	Pool/Wader Pumps - Replace	8	6	\$2,650	\$331	0.6497%
1112	Pool/Spa Sanitizers - Replace	7	5	\$2,250	\$321	0.6304%
1113	Pool/Wader Covers - Replace	10	8	\$12,500	\$1,250	2.4515%
1118	Lifeguard Stand - Replace	12	10	\$5,500	\$458	0.8989%
1121	Pool Furniture - Replace	8	6	\$8,663	\$1,083	2.1236%
1308	Park Equipment - Replace	15	13	\$3,200	\$213	0.4184%
1413	Restrooms - Remodel	18	16	\$32,500	\$1,806	3.5411%
1420	Computer System	7	5	\$1,350	\$193	0.3782%
1602	Exterior Wall Mount - Replace	20	18	\$2,750	\$138	0.2697%
1604	Pole Lights - Replace	27	25	\$21,600	\$800	1.5690%
1703	Irrigation Timeclocks - Replace	4	3	\$7,875	\$1,969	3.8612%
2002	Shade Structure - Construction	25	0	\$5,500	\$220	0.4315%

Significant Components Graph For Sorrel Ranch HOA, Inc.



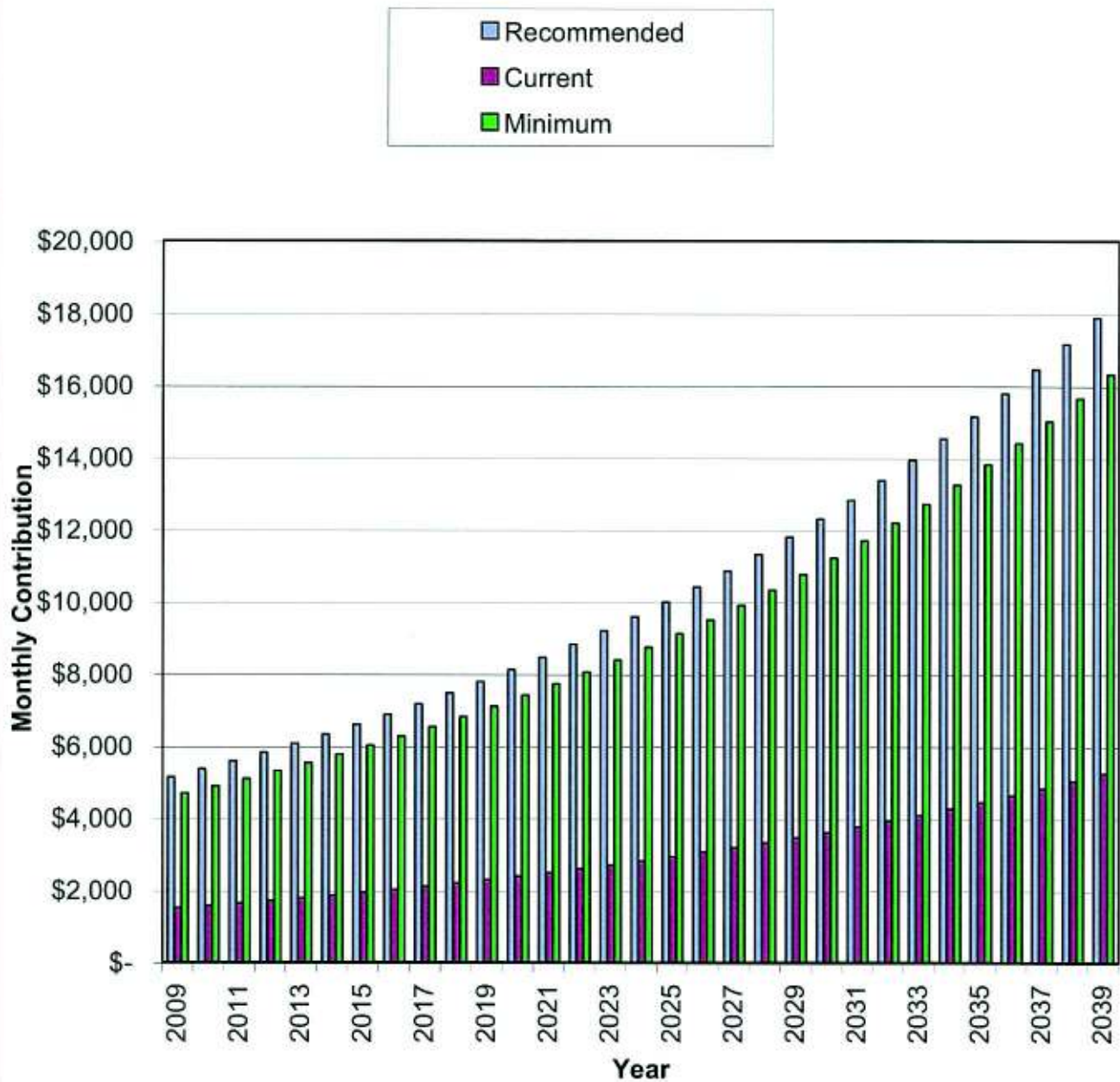
Significance:
(Curr Cost/UL)

Asset ID	Asset Name	UL	RUL	Average Curr. Cost	As \$	As %
1003	Concrete Fence - Replace	30	25	\$360,525	\$12,018	24%
1009	Rail Fencing - Major Repairs	5	3	\$40,288	\$8,058	16%
601	Concrete Sidewalks/Decks - Repair	4	2	\$19,650	\$4,913	10%
1101	Pool - Resurface	10	8	\$31,350	\$3,135	6%
All Other	See Expanded Table For Breakdown				\$22,866	45%

Yearly Summary For Sorrel Ranch HOA, Inc.

Year	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2009	\$146,640	\$7,750	5%	\$46,125	\$0	\$1,044	\$18,275
2010	\$187,424	\$36,644	20%	\$64,114	\$0	\$2,413	\$1,724
2011	\$249,737	\$101,447	41%	\$66,839	\$0	\$4,324	\$26,577
2012	\$291,388	\$146,032	50%	\$69,679	\$0	\$5,196	\$69,540
2013	\$292,636	\$151,368	52%	\$72,641	\$0	\$6,503	\$9,719
2014	\$359,190	\$220,792	61%	\$75,728	\$0	\$9,120	\$4,486
2015	\$437,065	\$301,154	69%	\$78,946	\$0	\$10,994	\$63,062
2016	\$460,222	\$328,032	71%	\$82,301	\$0	\$12,900	\$12,962
2017	\$539,897	\$410,271	76%	\$85,799	\$0	\$13,547	\$144,539
2018	\$488,923	\$365,079	75%	\$89,446	\$0	\$14,238	\$18,985
2019	\$570,269	\$449,778	79%	\$93,247	\$0	\$16,254	\$78,794
2020	\$596,339	\$480,485	81%	\$97,210	\$0	\$18,591	\$12,780
2021	\$696,290	\$583,506	84%	\$101,342	\$0	\$22,062	\$27,770
2022	\$788,965	\$679,140	86%	\$105,649	\$0	\$24,611	\$79,993
2023	\$835,304	\$729,407	87%	\$110,139	\$0	\$26,727	\$66,022
2024	\$902,577	\$800,251	89%	\$114,820	\$0	\$29,557	\$53,269
2025	\$990,645	\$891,360	90%	\$119,699	\$0	\$32,310	\$85,546
2026	\$1,053,586	\$957,823	91%	\$124,787	\$0	\$36,286	\$0
2027	\$1,213,604	\$1,118,896	92%	\$130,090	\$0	\$35,103	\$393,965
2028	\$974,197	\$890,124	91%	\$135,619	\$0	\$33,532	\$30,291
2029	\$1,109,352	\$1,028,984	93%	\$141,383	\$0	\$39,112	\$0
2030	\$1,287,777	\$1,209,479	94%	\$147,392	\$0	\$43,710	\$108,433
2031	\$1,366,700	\$1,292,148	95%	\$153,656	\$0	\$45,102	\$201,804
2032	\$1,357,645	\$1,289,101	95%	\$160,186	\$0	\$46,341	\$132,551
2033	\$1,426,867	\$1,363,077	96%	\$166,994	\$0	\$50,797	\$36,741
2034	\$1,605,924	\$1,544,126	96%	\$174,091	\$0	\$37,210	\$1,169,940
2035	\$615,742	\$585,487	95%	\$181,490	\$0	\$22,491	\$87,743
2036	\$719,104	\$701,726	98%	\$189,203	\$0	\$27,118	\$67,773
2037	\$855,515	\$850,273	99%	\$197,244	\$0	\$26,858	\$387,513
2038	\$671,807	\$686,863	102%	\$205,627	\$0	\$28,086	\$0

Reserve Contributions



Component Funding Information For Sorrel Ranch HOA, Inc.

ID	Component Name	Ave Current Cost	Future Cost	Ideal Balance	Current Fund Balance	Monthly
105	Comp Shingle Roof - Replace	\$13,638	\$30,118	\$1,364	\$0	\$68.54
202	Wood Trim - Stain	\$1,650	\$1,724	\$1,100	\$0	\$55.28
207	Iron Fencing - Repaint	\$4,675	\$5,335	\$4,675	\$4,675	\$156.63
215	Exterior Surfaces - Repaint	\$2,575	\$3,071	\$858	\$0	\$43.14
216	Interior Surfaces - Repaint	\$3,925	\$4,681	\$1,308	\$0	\$65.75
401	Asphalt - Overlay	\$14,575	\$38,385	\$1,215	\$0	\$61.04
402	Asphalt - Seal Coat/crack fill	\$1,750	\$1,911	\$875	\$0	\$43.97
406	Drain Pans/Curb/Gutters - Repair	\$2,938	\$3,208	\$1,469	\$0	\$73.81
601	Concrete Sidewalks/Decks - Repair	\$19,650	\$21,458	\$9,825	\$0	\$493.77
602	Crushed Granite Pathway - Replenish	\$8,100	\$9,243	\$8,100	\$3,075	\$271.38
703	Hot Water Heater Tank - Replace	\$7,000	\$15,459	\$700	\$0	\$35.18
706	Space Heater - Replace	\$1,650	\$3,337	\$183	\$0	\$9.21
801	Monuments - Refurbish	\$4,000	\$5,688	\$800	\$0	\$40.21
1002	Ironwork Fencing - Replace	\$30,250	\$76,237	\$3,781	\$0	\$126.69
1003	Concrete Fence - Replace	\$360,525	\$1,083,534	\$60,088	\$0	\$1,207.91
1005	Stone Columns- Major Repairs	\$13,500	\$19,198	\$2,700	\$0	\$135.69
1009	Rail Fencing - Major Repairs	\$40,288	\$45,975	\$16,115	\$0	\$809.88
1101	Pool - Resurface	\$31,350	\$44,583	\$6,270	\$0	\$315.11
1104	Coping Stone/Tile - Replace	\$16,250	\$35,888	\$1,625	\$0	\$81.67
1105	Pool/Wader Heaters - Replace	\$12,750	\$19,800	\$2,125	\$0	\$106.79
1108	Pool/Wader Filters - Replace	\$6,875	\$13,305	\$809	\$0	\$40.65
1111	Pool/Wader Pumps - Replace	\$2,650	\$3,451	\$663	\$0	\$33.29
1112	Pool/Spa Sanitizers - Replace	\$2,250	\$2,804	\$643	\$0	\$32.31
1113	Pool/Wader Covers - Replace	\$12,500	\$17,776	\$2,500	\$0	\$125.64
1118	Lifeguard Stand - Replace	\$5,500	\$8,541	\$917	\$0	\$46.07
1121	Pool Furniture - Replace	\$8,663	\$11,281	\$2,166	\$0	\$108.84
1308	Park Equipment - Replace	\$3,200	\$5,671	\$427	\$0	\$21.44
1413	Restrooms - Remodel	\$32,500	\$65,727	\$3,611	\$0	\$181.48
1420	Computer System	\$1,350	\$1,682	\$386	\$0	\$19.38
1602	Exterior Wall Mount - Replace	\$2,750	\$6,073	\$275	\$0	\$13.82
1604	Pole Lights - Replace	\$21,600	\$64,917	\$1,600	\$0	\$80.41
1703	Irrigation Timeclocks - Replace	\$7,875	\$8,987	\$1,969	\$0	\$197.88
2002	Shade Structure - Construction	\$5,500	\$16,530	\$5,500	\$0	\$22.11

Yearly Cash Flow For Sorrel Ranch HOA, Inc.

Year	2009	2010	2011	2012	2013
Starting Balance	\$7,750	\$36,644	\$101,447	\$146,032	\$151,368
Reserve Income	\$46,125	\$64,114	\$66,839	\$69,679	\$72,641
Interest Earnings	\$1,044	\$2,413	\$4,324	\$5,196	\$6,503
Special Assessments	\$0	\$0	\$0	\$0	\$0
Funds Available	\$54,919	\$103,171	\$172,609	\$220,908	\$230,511
Reserve Expenditures	\$18,275	\$1,724	\$26,577	\$69,540	\$9,719
Ending Balance	\$36,644	\$101,447	\$146,032	\$151,368	\$220,792

Year	2014	2015	2016	2017	2018
Starting Balance	\$220,792	\$301,154	\$328,032	\$410,271	\$365,079
Reserve Income	\$75,728	\$78,946	\$82,301	\$85,799	\$89,446
Interest Earnings	\$9,120	\$10,994	\$12,900	\$13,547	\$14,238
Special Assessments	\$0	\$0	\$0	\$0	\$0
Funds Available	\$305,640	\$391,094	\$423,233	\$509,618	\$468,763
Reserve Expenditures	\$4,486	\$63,062	\$12,962	\$144,539	\$18,985
Ending Balance	\$301,154	\$328,032	\$410,271	\$365,079	\$449,778

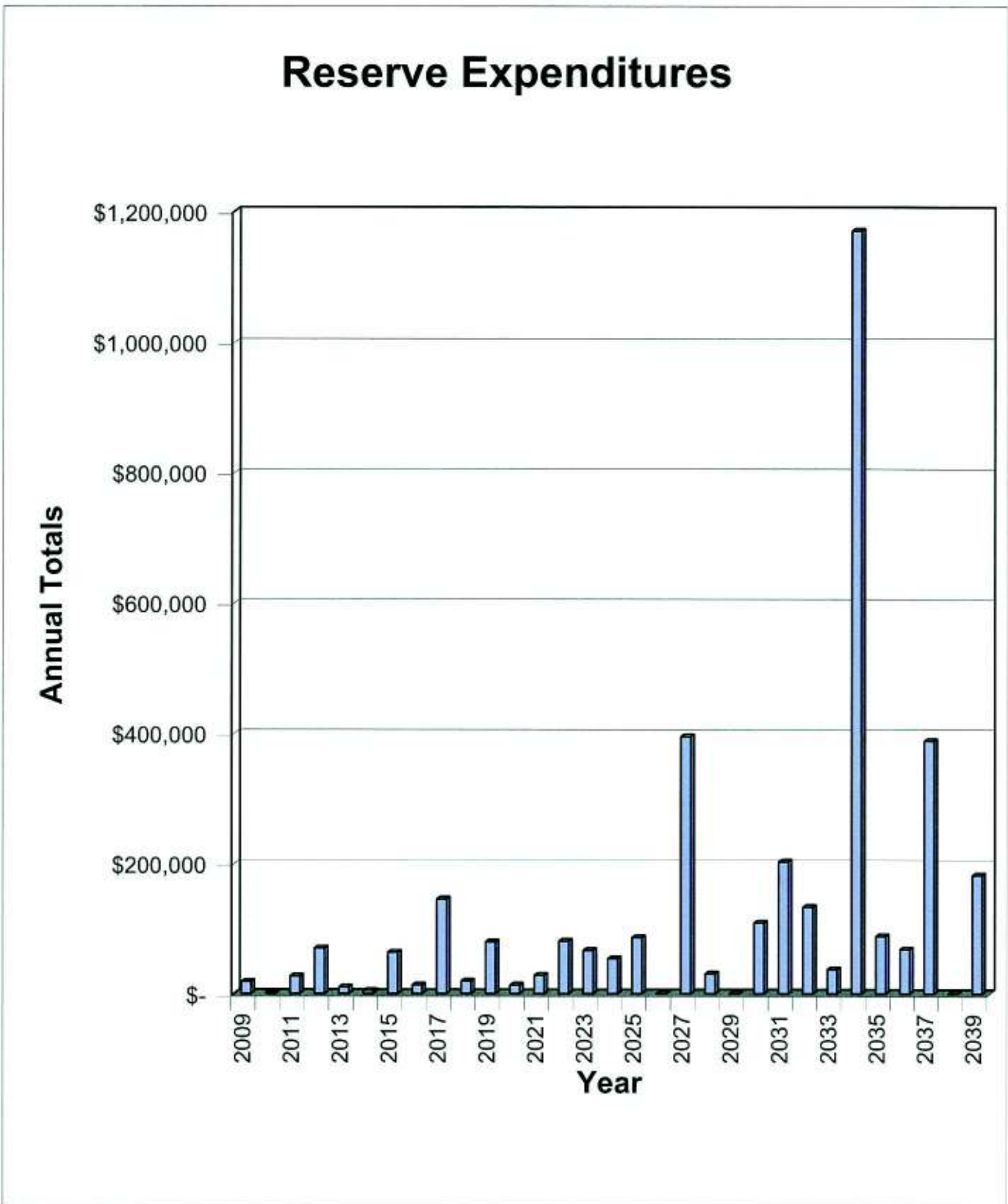
Year	2019	2020	2021	2022	2023
Starting Balance	\$449,778	\$480,485	\$583,506	\$679,140	\$729,407
Reserve Income	\$93,247	\$97,210	\$101,342	\$105,649	\$110,139
Interest Earnings	\$16,254	\$18,591	\$22,062	\$24,611	\$26,727
Special Assessments	\$0	\$0	\$0	\$0	\$0
Funds Available	\$559,279	\$596,286	\$706,910	\$809,400	\$866,273
Reserve Expenditures	\$78,794	\$12,780	\$27,770	\$79,993	\$66,022
Ending Balance	\$480,485	\$583,506	\$679,140	\$729,407	\$800,251

Year	2024	2025	2026	2027	2028
Starting Balance	\$800,251	\$891,360	\$957,823	\$1,118,896	\$890,124
Reserve Income	\$114,820	\$119,699	\$124,787	\$130,090	\$135,619
Interest Earnings	\$29,557	\$32,310	\$36,286	\$35,103	\$33,532
Special Assessments	\$0	\$0	\$0	\$0	\$0
Funds Available	\$944,628	\$1,043,369	\$1,118,896	\$1,284,089	\$1,059,275
Reserve Expenditures	\$53,269	\$85,546	\$0	\$393,965	\$30,291
Ending Balance	\$891,360	\$957,823	\$1,118,896	\$890,124	\$1,028,984

Year	2029	2030	2031	2032	2033
Starting Balance	\$1,028,984	\$1,209,479	\$1,292,148	\$1,289,101	\$1,363,077
Reserve Income	\$141,383	\$147,392	\$153,656	\$160,186	\$166,994
Interest Earnings	\$39,112	\$43,710	\$45,102	\$46,341	\$50,797
Special Assessments	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,209,479	\$1,400,581	\$1,490,905	\$1,495,628	\$1,580,867
Reserve Expenditures	\$0	\$108,433	\$201,804	\$132,551	\$36,741
Ending Balance	\$1,209,479	\$1,292,148	\$1,289,101	\$1,363,077	\$1,544,126

Year	2034	2035	2036	2037	2038
Starting Balance	\$1,544,126	\$585,487	\$701,726	\$850,273	\$686,863
Reserve Income	\$174,091	\$181,490	\$189,203	\$197,244	\$205,627
Interest Earnings	\$37,210	\$22,491	\$27,118	\$26,858	\$28,086
Special Assessments	\$0	\$0	\$0	\$0	\$0
Funds Available	\$1,755,428	\$789,468	\$918,047	\$1,074,376	\$920,576
Reserve Expenditures	\$1,169,940	\$87,743	\$67,773	\$387,513	\$0
Ending Balance	\$585,487	\$701,726	\$850,273	\$686,863	\$920,576

Yearly Expenditures Graph For Sorrel Ranch HOA, Inc.



Projected Reserve Expenditures For Sorrel Ranch HOA, Inc.

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2009	207	Iron Fencing - Repaint	\$4,675	
	602	Crushed Granite Pathway - Replenish	\$8,100	
	2002	Shade Structure - Construction	\$5,500	\$18,275
2010	202	Wood Trim - Stain	\$1,724	\$1,724
2011	402	Asphalt - Seal Coat/crack fill	\$1,911	
	406	Drain Pans/Curb/Gutters - Repair	\$3,208	
	601	Concrete Sidewalks/Decks - Repair	\$21,458	\$26,577
2012	207	Iron Fencing - Repaint	\$5,335	
	602	Crushed Granite Pathway - Replenish	\$9,243	
	1009	Rail Fencing - Major Repairs	\$45,975	
	1703	Irrigation Timeclocks - Replace	\$8,987	\$69,540
2013	202	Wood Trim - Stain	\$1,968	
	215	Exterior Surfaces - Repaint	\$3,071	
	216	Interior Surfaces - Repaint	\$4,681	\$9,719
2014	1112	Pool/Spa Sanitizers - Replace	\$2,804	
	1420	Computer System	\$1,682	\$4,486
2015	207	Iron Fencing - Repaint	\$6,088	
	402	Asphalt - Seal Coat/crack fill	\$2,279	
	406	Drain Pans/Curb/Gutters - Repair	\$3,825	
	601	Concrete Sidewalks/Decks - Repair	\$25,589	
	602	Crushed Granite Pathway - Replenish	\$10,548	
	1111	Pool/Wader Pumps - Replace	\$3,451	
	1121	Pool Furniture - Replace	\$11,281	\$63,062
2016	202	Wood Trim - Stain	\$2,245	
	1703	Irrigation Timeclocks - Replace	\$10,717	\$12,962
2017	801	Monuments - Refurbish	\$5,688	
	1005	Stone Columns- Major Repairs	\$19,198	
	1009	Rail Fencing - Major Repairs	\$57,293	
	1101	Pool - Resurface	\$44,583	
	1113	Pool/Wader Covers - Replace	\$17,776	\$144,539
2018	207	Iron Fencing - Repaint	\$6,947	
	602	Crushed Granite Pathway - Replenish	\$12,037	\$18,985
2019	202	Wood Trim - Stain	\$2,562	
	215	Exterior Surfaces - Repaint	\$3,999	
	216	Interior Surfaces - Repaint	\$6,095	
	402	Asphalt - Seal Coat/crack fill	\$2,718	
	406	Drain Pans/Curb/Gutters - Repair	\$4,562	
	601	Concrete Sidewalks/Decks - Repair	\$30,516	
	1105	Pool/Wader Heaters - Replace	\$19,800	
	1118	Lifeguard Stand - Replace	\$8,541	\$78,794
2020	1703	Irrigation Timeclocks - Replace	\$12,780	\$12,780
2021	207	Iron Fencing - Repaint	\$7,928	
	602	Crushed Granite Pathway - Replenish	\$13,737	
	1112	Pool/Spa Sanitizers - Replace	\$3,816	
	1420	Computer System	\$2,289	\$27,770
2022	202	Wood Trim - Stain	\$2,924	
	1009	Rail Fencing - Major Repairs	\$71,397	
	1308	Park Equipment - Replace	\$5,671	\$79,993
2023	402	Asphalt - Seal Coat/crack fill	\$3,241	
	406	Drain Pans/Curb/Gutters - Repair	\$5,440	
	601	Concrete Sidewalks/Decks - Repair	\$36,391	
	1111	Pool/Wader Pumps - Replace	\$4,908	
	1121	Pool Furniture - Replace	\$16,042	\$66,022

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2024	207	Iron Fencing - Repaint	\$9,047	
	602	Crushed Granite Pathway - Replenish	\$15,676	
	1108	Pool/Wader Filters - Replace	\$13,305	
	1703	Irrigation Timeclocks - Replace	\$15,240	\$53,269
2025	202	Wood Trim - Stain	\$3,337	
	215	Exterior Surfaces - Repaint	\$5,208	
	216	Interior Surfaces - Repaint	\$7,938	
	706	Space Heater - Replace	\$3,337	
	1413	Restrooms - Remodel	\$65,727	\$85,546
2026		No Expenditures Projected		\$0
2027	105	Comp Shingle Roof - Replace	\$30,118	
	207	Iron Fencing - Repaint	\$10,325	
	402	Asphalt - Seal Coat/crack fill	\$3,865	
	406	Drain Pans/Curb/Gutters - Repair	\$6,487	
	601	Concrete Sidewalks/Decks - Repair	\$43,397	
	602	Crushed Granite Pathway - Replenish	\$17,889	
	703	Hot Water Heater Tank - Replace	\$15,459	
	801	Monuments - Refurbish	\$8,834	
	1005	Stone Columns- Major Repairs	\$29,814	
	1009	Rail Fencing - Major Repairs	\$88,974	
	1101	Pool - Resurface	\$69,236	
	1104	Coping Stone/Tile - Replace	\$35,888	
	1113	Pool/Wader Covers - Replace	\$27,606	
	1602	Exterior Wall Mount - Replace	\$6,073	\$393,965
2028	202	Wood Trim - Stain	\$3,808	
	1112	Pool/Spa Sanitizers - Replace	\$5,193	
	1420	Computer System	\$3,116	
	1703	Irrigation Timeclocks - Replace	\$18,174	\$30,291
2029		No Expenditures Projected		\$0
2030	207	Iron Fencing - Repaint	\$11,782	
	602	Crushed Granite Pathway - Replenish	\$20,414	
	1002	Ironwork Fencing - Replace	\$76,237	\$108,433
2031	202	Wood Trim - Stain	\$4,346	
	215	Exterior Surfaces - Repaint	\$6,782	
	216	Interior Surfaces - Repaint	\$10,337	
	401	Asphalt - Overlay	\$38,385	
	402	Asphalt - Seal Coat/crack fill	\$4,609	
	406	Drain Pans/Curb/Gutters - Repair	\$7,736	
	601	Concrete Sidewalks/Decks - Repair	\$51,751	
	1105	Pool/Wader Heaters - Replace	\$33,579	
	1111	Pool/Wader Pumps - Replace	\$6,979	
	1118	Lifeguard Stand - Replace	\$14,485	
2032	1121	Pool Furniture - Replace	\$22,814	\$201,804
	1009	Rail Fencing - Major Repairs	\$110,878	
	1703	Irrigation Timeclocks - Replace	\$21,673	\$132,551
2033	207	Iron Fencing - Repaint	\$13,445	
	602	Crushed Granite Pathway - Replenish	\$23,296	\$36,741
2034	202	Wood Trim - Stain	\$4,959	
	1003	Concrete Fence - Replace	\$1,083,534	
	1604	Pole Lights - Replace	\$64,917	
	2002	Shade Structure - Construction	\$16,530	\$1,169,940
2035	402	Asphalt - Seal Coat/crack fill	\$5,496	
	406	Drain Pans/Curb/Gutters - Repair	\$9,226	
	601	Concrete Sidewalks/Decks - Repair	\$61,714	
	1112	Pool/Spa Sanitizers - Replace	\$7,067	

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	1420	Computer System	\$4,240	\$87,743
2036	207	Iron Fencing - Repaint	\$15,343	
	602	Crushed Granite Pathway - Replenish	\$26,584	
	1703	Irrigation Timeclocks - Replace	\$25,846	\$67,773
2037	202	Wood Trim - Stain	\$5,659	
	215	Exterior Surfaces - Repaint	\$8,831	
	216	Interior Surfaces - Repaint	\$13,462	
	801	Monuments - Refurbish	\$13,719	
	1005	Stone Columns- Major Repairs	\$46,301	
	1009	Rail Fencing - Major Repairs	\$138,174	
	1101	Pool - Resurface	\$107,521	
	1113	Pool/Wader Covers - Replace	\$42,871	
	1308	Park Equipment - Replace	\$10,975	\$387,513
2038		No Expenditures Projected		\$0
2039	207	Iron Fencing - Repaint	\$17,509	
	402	Asphalt - Seal Coat/crack fill	\$6,554	
	406	Drain Pans/Curb/Gutters - Repair	\$11,002	
	601	Concrete Sidewalks/Decks - Repair	\$73,596	
	602	Crushed Granite Pathway - Replenish	\$30,337	
	1111	Pool/Wader Pumps - Replace	\$9,925	
	1121	Pool Furniture - Replace	\$32,444	\$181,367

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.