



Tuesday, February 11, 2020

Forest Park Estates HOA
Attn: Debbi King
IPM Residential
8137 Zang St.
Arvada, CO. 80005

Regarding: Reserve Study Final Version

Dear Debbi,

Attached please find the final version of the reserve study for Forest Park Estates HOA. While it has been our goal to provide you with a document that is both easy to read and understand, it is also our intention to provide a complete and accurate report. If any adjustments are required due to a change in the association's philosophies, this can be accomplished at our standard rate of \$200 per hour.

Now that you have received the Reserve Analysis, use it as a tool to assist you in establishing your budget, as well as an advanced warning for upcoming projects. This report should be reviewed at least once a year for obtaining proposals in advance of pending projects, and to make sure the Reserve funds are in line with projections. The outcome of this report should be conveyed with the property owners as to the status of the Reserve fund. The property owners should also know what the Board of Directors plans are to improve or maintain the Reserve fund.

Remember, just like any major line item in the budget, it is important to review the Reserve Fund status and contribution rate each year as the budget planning process begins. We look forward to working together in the future to assist the Board of Directors in planning their budgets by completing an updated Reserve Study.

In the meantime, if you have any questions, please feel free to give our office a call (303) 790-7572.

Sincerely,

G. Michael Kelsen, RS, PRA
Owner

Tuesday, February 11, 2020

Level 3 Reserve Analysis

Reserve Study without property observation

Forest Park Estates
5700 W. 28th Ave.
Wheat Ridge, CO. 80214



Final Version

Report Period – 01/01/20 – 12/31/20

Client Reference Number – 09830

Property Type – Condominiums

Fiscal Year End – December 31st

Number of Units – 14 Condominiums, 1 Single Family Dwelling

Project Manager – Mike Kelsen, RS, PRA

Main Contact Person – Debbi King, CPM, CAM



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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 typically in the **Asset Inventory Section** of the original Reserve Analysis. It should be noted there is not an **Asset Inventory Section** in this report due to the Level of Service requested by the client. 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 2 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 observation. 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 not been investigated in the preparation of 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 judgment 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 normal maintenance and replacement 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. Aging 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 observation 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. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study be completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. This may not mean a Reserve Analysis is required, but how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think \$250,000 is a lot of money and they are in good shape. What they don't know is a project will need to be replaced within 5 years, and the cost of the project is going to exceed \$300,000. So while \$250,000 sounds like a lot of money, in reality it won't even cover the cost of a major project, 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 Observation –

A Property Observation was not conducted for this report per the contract agreement.

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 Forest Park Estates HOA -

Assoc. # - 09830

| | |
|---|--------------------------------|
| Reported Starting Balance as of January 1, 2020 - | \$137,894 |
| Ideal Reserve Balance as of January 1, 2020 - | \$91,716 |
| Percent Funded as of January 1, 2020 - | 150% |
| Recommended Reserve Allocation (per month) - | \$0 (rest of 2020) |
| Recommended Reserve Allocation (per month) - | \$2,640 (starting 2021) |
| Minimum Reserve Allocation (per month) - | \$2,175 (starting 2021) |
| Recommended Special Assessment - | \$0 |

This report is an update to an existing Reserve Study Report that was prepared two years ago for the 2018 fiscal period. A property site observation was not conducted per the request of the association. While we commend the Board of Directors in making a decision to update the previous Reserve Study, we recommend having a trained professional physically evaluate the property at least every 3 – 4 years to verify conditions, useful life, and remaining life of components. Therefore, we recommend an updated Reserve Study with site observation in the near future. It is possible that some philosophical changes have occurred since the last Reserve Study and some components will be added to the list in future Reserve Study updates. To update the figures in the report, we obtained information by contacting 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 contains 14 condominium style units, and one single family dwelling that were constructed approximately 50 years ago in the early 1970's. It was reported the association amended the declarations which makes the owner of the single family dwelling solely responsible for the maintenance and replacement of the items associated with that house. Common area amenities the association is responsible to maintain include building exterior surfaces, a driveway and parking spaces, mechanical equipment, landscaping, and an irrigation system. Please refer to the *Projected Reserve Expenditures* table in the Financial Section for a detailed listing of when Reserve projects are scheduled to occur.

In comparing the projected balance of \$137,894 versus the ideal Reserve Balance of \$91,716, we find the association Reserve fund to be in a surplus financial position at this point in time (approximately 150% funded of ideal). Since the association has already established a budget for 2020, based on the information contained in this report, we suggest keeping the Reserve contribution at the budgeted amount of \$0 for the rest of 2020. However, in order to maintain the Reserve account at, or slightly above, the ideal balance, a substantial increase will be necessary starting in 2021. If you refer to page 1 of the Financial Analysis section, you will see we are recommending an increase of the Reserve contribution to \$2,640 (representing an increase of approximately \$188.57 per unit) per month starting January 2021. This should be followed by nominal annual increases of 4.50% thereafter to help offset the effects of inflation. By following the recommendation, the plan will increase the Reserve account to a fully funded position within the thirty-year period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$2,175 per month, starting in 2021. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where Special Assessments, deferred maintenance, and lower property values are likely 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 a little less money to the Reserve fund to only stay above a certain threshold.

Funding Summary For Forest Park Estates HOA

Beginning Assumptions

| | |
|---|----------------------|
| Financial Information Source | Research With Client |
| # of units | 14 |
| Fiscal Year End | December 31, 2020 |
| Monthly Dues from 2020 budget | \$4,281.00 |
| Monthly Reserve Allocation from 2020 Budget | \$0.00 |
| Projected Starting Reserve Balance (as of 1/1/2020) | \$137,894 |
| Reserve Balance: Average Per Unit | \$9,850 |
| Ideal Starting Reserve Balance (as of 1/1/2020) | \$91,716 |
| Ideal Reserve Balance: Average Per Unit | \$6,551 |

Economic Factors

| | |
|--|-------|
| Past 20 year Average Inflation Rate (Based on CCI) | 4.15% |
| Current Average Interest Rate | 1.00% |

Current Reserve Status

| | |
|---|------|
| Current Balance as a % of Ideal Balance | 150% |
|---|------|

Recommendations for 2020 Fiscal Year

| | |
|--|----------|
| Monthly Reserve Allocation (2020) | \$0 |
| Per Unit | \$0.00 |
| Monthly Reserve Allocation (starting 2021) | \$2,640 |
| Per Unit | \$188.57 |
| Minimum Monthly Reserve Allocation (starting 2021) | \$2,175 |
| Per Unit | \$155.36 |
| Primary Annual Increases | 4.50% |
| # of Years | 30 |
| Special Assessment | \$0 |
| Per Unit | \$0 |

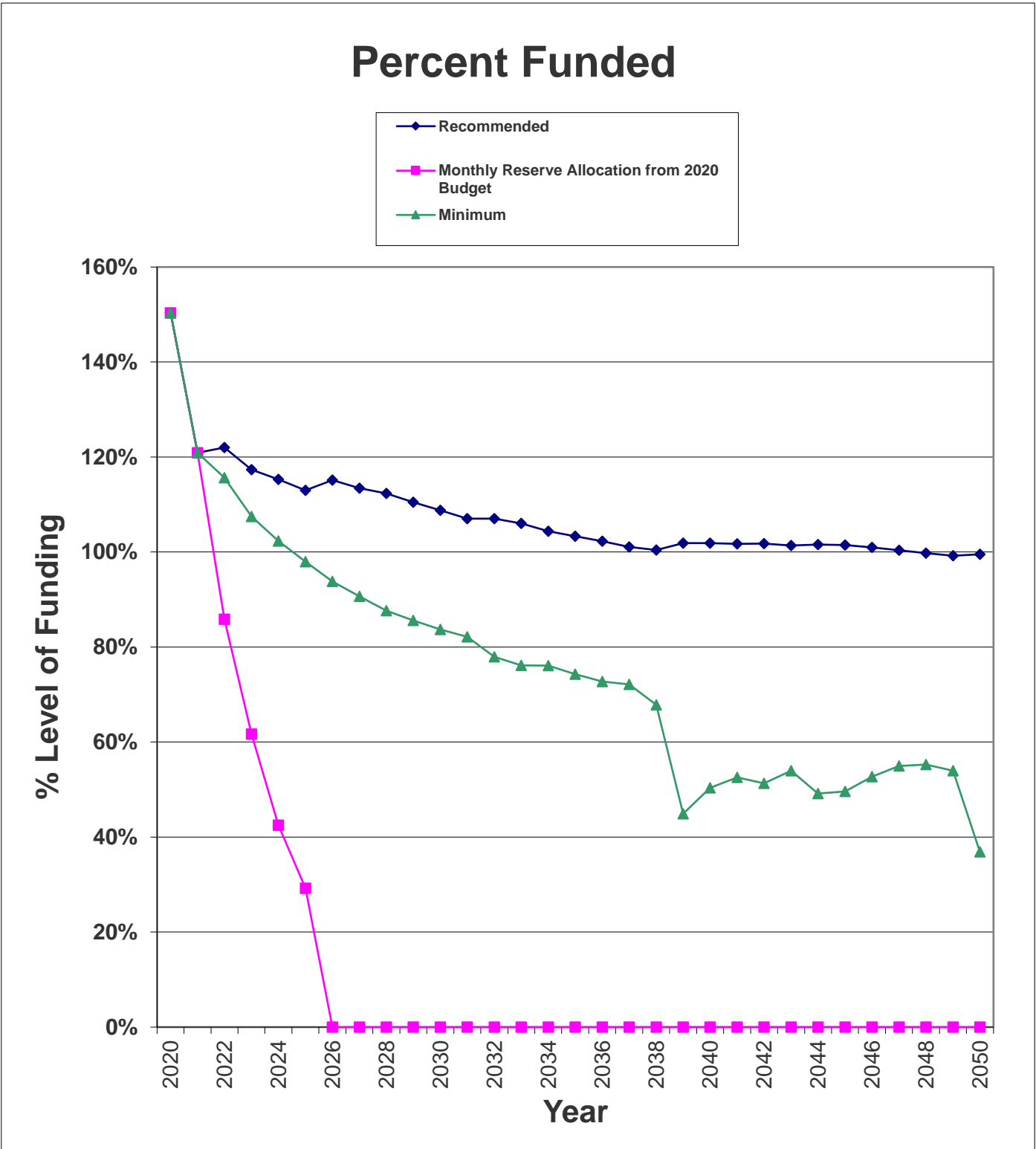
Changes To Current 2020 Reserve Contribution

| | |
|---|--------|
| Increase/Decrease to Reserve Allocation | \$0 |
| as Percentage | 0% |
| Average Per Unit | \$0.00 |

Changes from 2020 to 2021 Reserve Contribution

| | |
|---|----------|
| Increase/Decrease to Reserve Allocation | \$2,640 |
| as Percentage | 0% |
| Average Per Unit | \$188.57 |

Percent Funded Graph For Forest Park Estates HOA



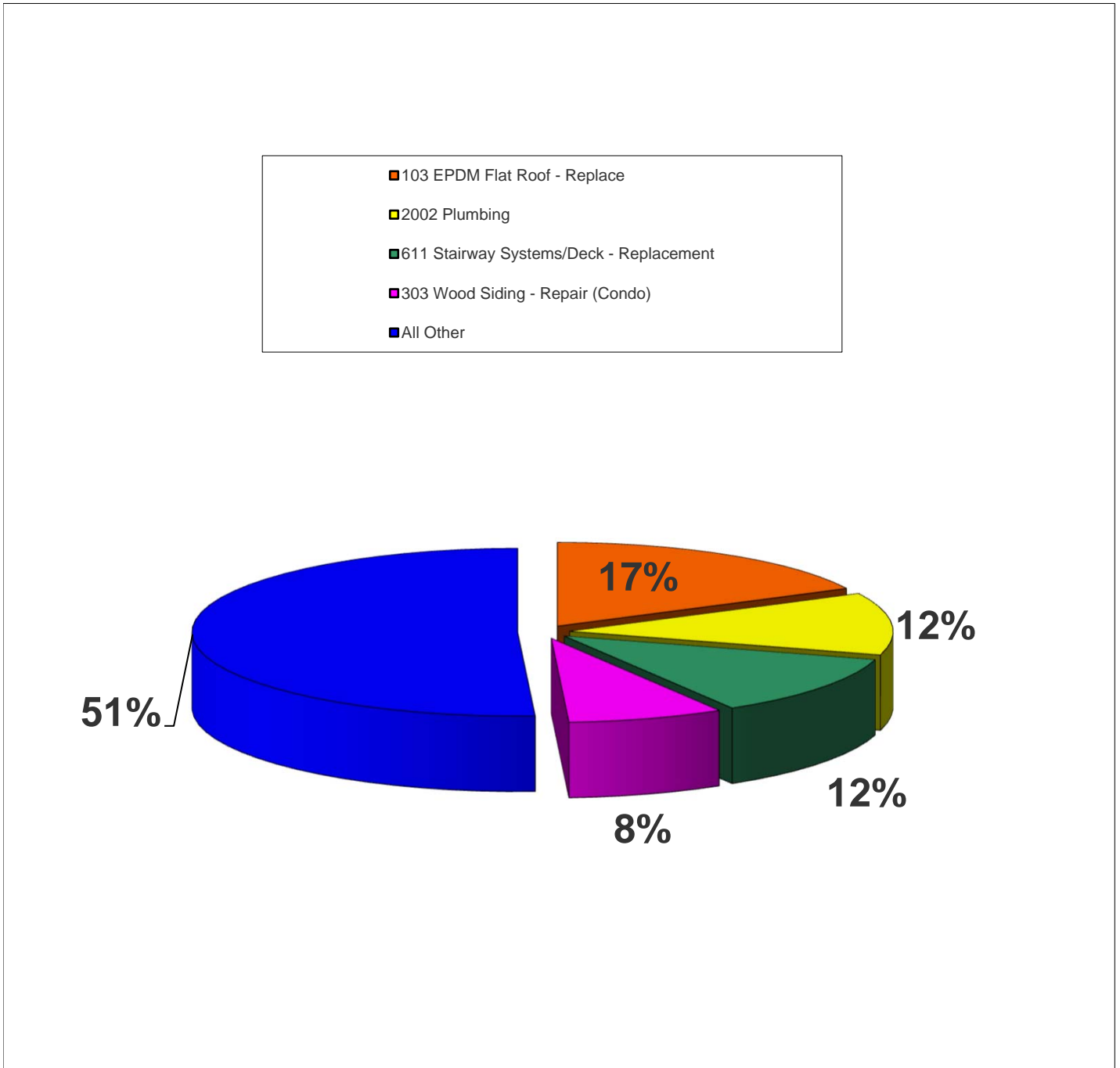
Component Inventory for Forest Park Estates

| Category | Asset # | Asset Name | UL | RUL | Best Cost | Worst Cost |
|----------------------|---------|---------------------------------------|-----|-----|-----------|------------|
| Roofing | 103 | EPDM Flat Roof - Replace | 20 | 18 | \$87,750 | \$97,500 |
| | 105 | Comp Shingle Roof - Replace | 20 | 18 | \$15,525 | \$17,250 |
| | 120 | Gutters/Downspouts - Replace | N/A | | \$0 | \$0 |
| Painted Surfaces | 204 | Building Ext Surfaces - Repaint | 6 | 5 | \$9,100 | \$9,800 |
| | 207 | Metal Railing - Repaint | 6 | 5 | \$2,700 | \$2,975 |
| Siding Materials | 303 | Wood Siding - Repair (Condo) | 6 | 5 | \$11,500 | \$13,000 |
| | 306 | Brick - Major Repairs | 6 | 5 | \$10,000 | \$12,500 |
| Drive Materials | 401 | Asphalt - Major Overlay | 28 | 1 | \$25,900 | \$26,350 |
| | 402 | Asphalt - Surface Application | 4 | 2 | \$3,250 | \$3,900 |
| Walking Surfaces | 601 | Concrete Flatwork - Partial Replace | 4 | 3 | \$3,000 | \$3,300 |
| | 611 | Stairway Systems/Deck - Replacement | 40 | 39 | \$120,000 | \$130,000 |
| Mechanical Equip. | 702 | Boilers/Storage Tank - Replace | 30 | 29 | \$27,500 | \$29,500 |
| | 721 | Expansion Tank - Replace | 20 | 8 | \$1,500 | \$1,800 |
| Prop. Identification | 803 | Mailboxes - Replace | 18 | 4 | \$2,000 | \$2,400 |
| Fencing/Walls | 1001 | Wood Fencing - Replace | 24 | 5 | \$1,800 | \$2,000 |
| | 1002 | Hand Railing - Replace | N/A | | \$0 | \$0 |
| | 1003 | Chain Link Fencing - Replace | N/A | | \$0 | \$0 |
| | 1007 | Railroad Ties - Replace | N/A | | \$0 | \$0 |
| | 1010 | Trash Enclosure - Replace | 12 | 5 | \$2,575 | \$3,135 |
| Light Fixtures | 1602 | Exterior Wall Mount - Replace (Condo) | 17 | 0 | \$3,375 | \$3,900 |
| | 1604 | Pole Light - Replace | N/A | | \$0 | \$0 |
| Irrig. System | 1701 | Irrigation System - Major Repairs | 5 | 0 | \$2,800 | \$3,200 |
| | 1703 | Irrigation Controllers - Replace | N/A | | \$0 | \$0 |
| Landscaping | 1801 | Groundcover - Replenish | 7 | 0 | \$12,500 | \$15,000 |
| | 1804 | Tree - Replacement/Major Maintenance | N/A | | \$0 | \$0 |
| Miscellaneous | 2001 | Sewer System - Major Repairs | 4 | 0 | \$7,000 | \$7,500 |
| | 2002 | Plumbing | 3 | 0 | \$8,550 | \$10,450 |
| | 2003 | Electrical System | N/A | | \$0 | \$0 |

Significant Components For Forest Park Estates HOA

| ID | Asset Name | UL | RUL | Ave Curr Cost | Significance: (Curr Cost/UL) | |
|------|---------------------------------------|----|-----|------------------|---------------------------------|----------|
| | | | | | As \$ | As % |
| 103 | EPDM Flat Roof - Replace | 20 | 18 | \$92,625 | \$4,631 | 17.5534% |
| 105 | Comp Shingle Roof - Replace | 20 | 18 | \$16,388 | \$819 | 3.1056% |
| 204 | Building Ext Surfaces - Repaint | 6 | 5 | \$9,450 | \$1,575 | 5.9696% |
| 207 | Metal Railing - Repaint | 6 | 5 | \$2,838 | \$473 | 1.7925% |
| 303 | Wood Siding - Repair (Condo) | 6 | 5 | \$12,250 | \$2,042 | 7.7384% |
| 306 | Brick - Major Repairs | 6 | 5 | \$11,250 | \$1,875 | 7.1067% |
| 401 | Asphalt - Major Overlay | 28 | 1 | \$26,125 | \$933 | 3.5364% |
| 402 | Asphalt - Surface Application | 4 | 2 | \$3,575 | \$894 | 3.3875% |
| 601 | Concrete Flatwork - Partial Replace | 4 | 3 | \$3,150 | \$788 | 2.9848% |
| 611 | Stairway Systems/Deck - Replacement | 40 | 39 | \$125,000 | \$3,125 | 11.8444% |
| 702 | Boilers/Storage Tank - Replace | 30 | 29 | \$28,500 | \$950 | 3.6007% |
| 721 | Expansion Tank - Replace | 20 | 8 | \$1,650 | \$83 | 0.3127% |
| 803 | Mailboxes - Replace | 18 | 4 | \$2,200 | \$122 | 0.4632% |
| 1001 | Wood Fencing - Replace | 24 | 5 | \$1,900 | \$79 | 0.3001% |
| 1010 | Trash Enclosure - Replace | 12 | 5 | \$2,855 | \$238 | 0.9018% |
| 1602 | Exterior Wall Mount - Replace (Condo) | 17 | 0 | \$3,638 | \$214 | 0.8110% |
| 1701 | Irrigation System - Major Repairs | 5 | 0 | \$3,000 | \$600 | 2.2741% |
| 1801 | Groundcover - Replenish | 7 | 0 | \$13,750 | \$1,964 | 7.4451% |
| 2001 | Sewer System - Major Repairs | 4 | 0 | \$7,250 | \$1,813 | 6.8698% |
| 2002 | Plumbing | 3 | 0 | \$9,500 | \$3,167 | 12.0023% |

Significant Components Graph For Forest Park Estates HOA



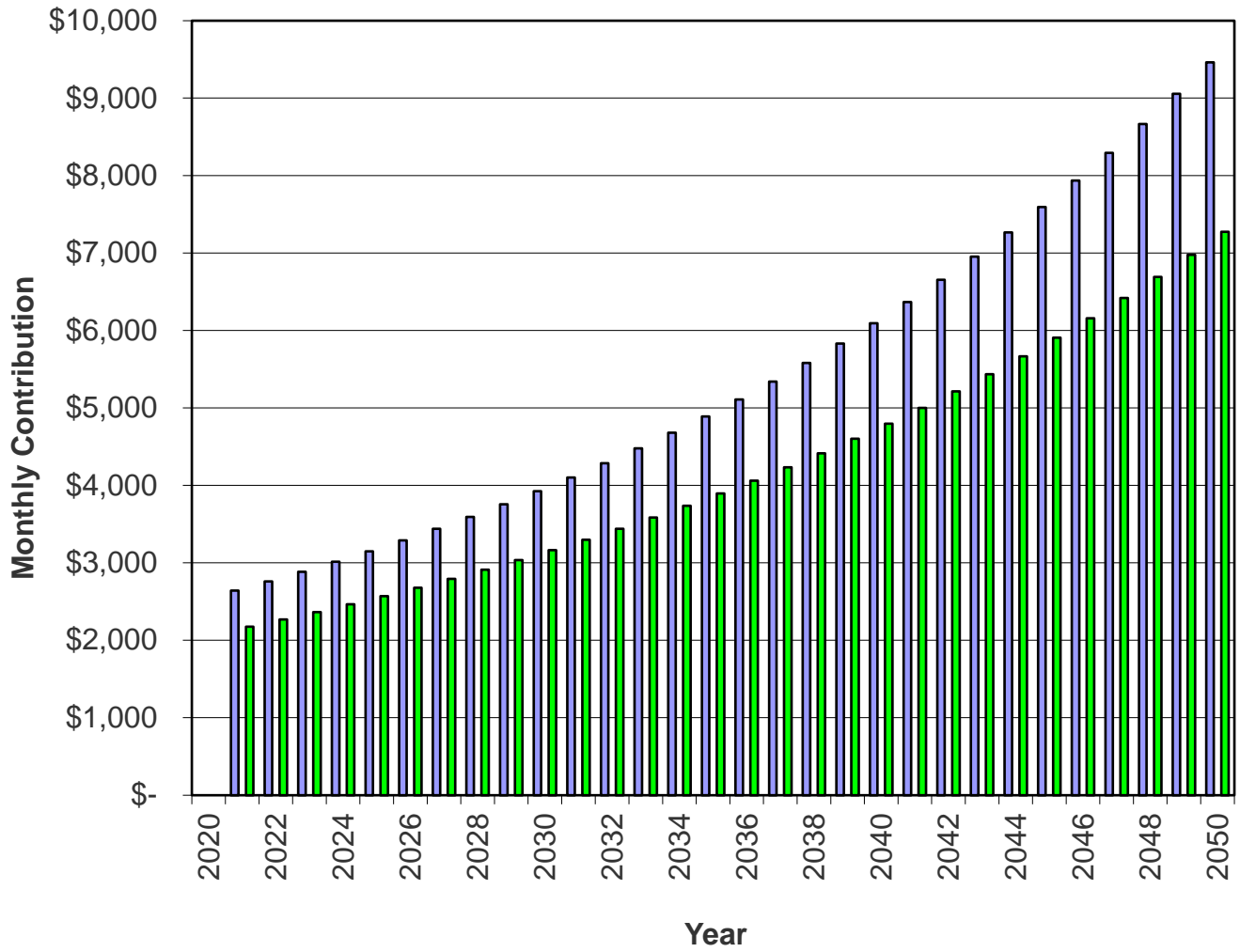
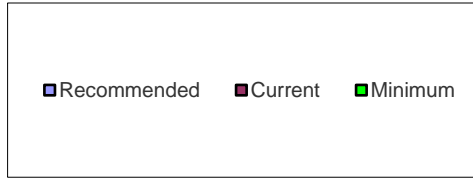
| Asset ID | Asset Name | UL | RUL | Average Curr. Cost | Significance: (Curr Cost/UL) | |
|-----------|---|----|-----|-----------------------|---------------------------------|------|
| | | | | | As \$ | As % |
| 103 | EPDM Flat Roof - Replace | 20 | 18 | \$92,625 | \$4,631 | 18% |
| 2002 | Plumbing | 3 | 0 | \$9,500 | \$3,167 | 12% |
| 611 | Stairway Systems/Deck - Replacement | 40 | 39 | \$125,000 | \$3,125 | 12% |
| 303 | Wood Siding - Repair (Condo) | 6 | 5 | \$12,250 | \$2,042 | 8% |
| All Other | See Expanded Table on Page 4 For Additional Breakdown | | | | \$13,419 | 51% |

Yearly Summary For Forest Park Estates HOA

| Fiscal Year Start | Fully Funded Balance | Starting Reserve Balance | Percent Funded | Annual Reserve Contribs | Rec. Special Ass'mnt | Interest Income | Reserve Expenses |
|----------------------------------|---------------------------------|---|---------------------------|--|-------------------------------------|----------------------------|-----------------------------|
| 2020 | \$91,716 | \$137,894 | 150% | \$0 | \$0 | \$1,199 | \$37,138 |
| 2021 | \$84,322 | \$101,955 | 121% | \$31,680 | \$0 | \$1,047 | \$27,209 |
| 2022 | \$88,102 | \$107,473 | 122% | \$33,106 | \$0 | \$1,226 | \$3,878 |
| 2023 | \$117,526 | \$137,927 | 117% | \$34,595 | \$0 | \$1,488 | \$14,291 |
| 2024 | \$138,563 | \$159,719 | 115% | \$36,152 | \$0 | \$1,730 | \$11,119 |
| 2025 | \$165,065 | \$186,482 | 113% | \$37,779 | \$0 | \$1,795 | \$53,359 |
| 2026 | \$150,015 | \$172,697 | 115% | \$39,479 | \$0 | \$1,849 | \$16,688 |
| 2027 | \$173,932 | \$197,338 | 113% | \$41,256 | \$0 | \$2,077 | \$22,465 |
| 2028 | \$194,280 | \$218,205 | 112% | \$43,112 | \$0 | \$2,347 | \$12,322 |
| 2029 | \$227,552 | \$251,343 | 110% | \$45,052 | \$0 | \$2,682 | \$13,698 |
| 2030 | \$262,350 | \$285,379 | 109% | \$47,079 | \$0 | \$3,054 | \$9,874 |
| 2031 | \$304,220 | \$325,639 | 107% | \$49,198 | \$0 | \$3,213 | \$60,900 |
| 2032 | \$296,395 | \$317,149 | 107% | \$51,412 | \$0 | \$3,307 | \$27,285 |
| 2033 | \$325,040 | \$344,583 | 106% | \$53,726 | \$0 | \$3,732 | \$0 |
| 2034 | \$385,148 | \$402,040 | 104% | \$56,143 | \$0 | \$4,167 | \$30,613 |
| 2035 | \$417,803 | \$431,738 | 103% | \$58,670 | \$0 | \$4,487 | \$28,801 |
| 2036 | \$455,714 | \$466,094 | 102% | \$61,310 | \$0 | \$4,921 | \$13,896 |
| 2037 | \$512,822 | \$518,428 | 101% | \$64,069 | \$0 | \$5,106 | \$84,400 |
| 2038 | \$501,054 | \$503,203 | 100% | \$66,952 | \$0 | \$4,116 | \$253,827 |
| 2039 | \$314,617 | \$320,444 | 102% | \$69,965 | \$0 | \$3,536 | \$6,821 |
| 2040 | \$380,070 | \$387,124 | 102% | \$73,113 | \$0 | \$4,140 | \$23,116 |
| 2041 | \$433,738 | \$441,261 | 102% | \$76,403 | \$0 | \$4,542 | \$54,609 |
| 2042 | \$459,404 | \$467,597 | 102% | \$79,841 | \$0 | \$5,028 | \$14,127 |
| 2043 | \$530,976 | \$538,339 | 101% | \$83,434 | \$0 | \$5,329 | \$99,204 |
| 2044 | \$519,700 | \$527,897 | 102% | \$87,189 | \$0 | \$5,518 | \$44,446 |
| 2045 | \$567,891 | \$576,157 | 101% | \$91,112 | \$0 | \$6,204 | \$8,291 |
| 2046 | \$658,765 | \$665,183 | 101% | \$95,212 | \$0 | \$7,109 | \$10,290 |
| 2047 | \$754,479 | \$757,214 | 100% | \$99,497 | \$0 | \$7,916 | \$37,922 |
| 2048 | \$828,670 | \$826,705 | 100% | \$103,974 | \$0 | \$8,472 | \$70,718 |
| 2049 | \$875,201 | \$868,433 | 99% | \$108,653 | \$0 | \$7,716 | \$309,462 |

Reserve Contributions For Forest Park Estates HOA

Reserve Contributions



Component Funding Information For Forest Park Estates HOA

| ID | Component Name | Ave Current Cost | Ideal Balance | Current Fund Balance | Monthly |
|-----------|---------------------------------------|---------------------------------|--------------------------|-------------------------------------|----------------|
| 103 | EPDM Flat Roof - Replace | \$92,625 | \$9,263 | \$13,926 | \$0.00 |
| 105 | Comp Shingle Roof - Replace | \$16,388 | \$1,639 | \$2,464 | \$0.00 |
| 204 | Building Ext Surfaces - Repaint | \$9,450 | \$1,575 | \$2,368 | \$0.00 |
| 207 | Metal Railing - Repaint | \$2,838 | \$473 | \$711 | \$0.00 |
| 303 | Wood Siding - Repair (Condo) | \$12,250 | \$2,042 | \$3,070 | \$0.00 |
| 306 | Brick - Major Repairs | \$11,250 | \$1,875 | \$2,819 | \$0.00 |
| 401 | Asphalt - Major Overlay | \$26,125 | \$25,192 | \$37,876 | \$0.00 |
| 402 | Asphalt - Surface Application | \$3,575 | \$1,788 | \$2,687 | \$0.00 |
| 601 | Concrete Flatwork - Partial Replace | \$3,150 | \$788 | \$1,184 | \$0.00 |
| 611 | Stairway Systems/Deck - Replacement | \$125,000 | \$3,125 | \$4,698 | \$0.00 |
| 702 | Boilers/Storage Tank - Replace | \$28,500 | \$950 | \$1,428 | \$0.00 |
| 721 | Expansion Tank - Replace | \$1,650 | \$990 | \$1,488 | \$0.00 |
| 803 | Mailboxes - Replace | \$2,200 | \$1,711 | \$2,573 | \$0.00 |
| 1001 | Wood Fencing - Replace | \$1,900 | \$1,504 | \$2,261 | \$0.00 |
| 1010 | Trash Enclosure - Replace | \$2,855 | \$1,665 | \$2,504 | \$0.00 |
| 1602 | Exterior Wall Mount - Replace (Condo) | \$3,638 | \$3,638 | \$5,469 | \$0.00 |
| 1701 | Irrigation System - Major Repairs | \$3,000 | \$3,000 | \$4,510 | \$0.00 |
| 1801 | Groundcover - Replenish | \$13,750 | \$13,750 | \$20,673 | \$0.00 |
| 2001 | Sewer System - Major Repairs | \$7,250 | \$7,250 | \$10,900 | \$0.00 |
| 2002 | Plumbing | \$9,500 | \$9,500 | \$14,283 | \$0.00 |

Yearly Cash Flow For Forest Park Estates HOA

| Year | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| Starting Balance | \$137,894 | \$101,955 | \$107,473 | \$137,927 | \$159,719 |
| <i>Reserve Income</i> | \$0 | \$31,680 | \$33,106 | \$34,595 | \$36,152 |
| <i>Interest Earnings</i> | \$1,199 | \$1,047 | \$1,226 | \$1,488 | \$1,730 |
| <i>Special Assessments</i> | \$0 | \$0 | \$0 | \$0 | \$0 |
| Funds Available | \$139,093 | \$134,682 | \$141,805 | \$174,010 | \$197,601 |
| Reserve Expenditures | \$37,138 | \$27,209 | \$3,878 | \$14,291 | \$11,119 |
| Ending Balance | \$101,955 | \$107,473 | \$137,927 | \$159,719 | \$186,482 |

| Year | 2025 | 2026 | 2027 | 2028 | 2029 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| Starting Balance | \$186,482 | \$172,697 | \$197,338 | \$218,205 | \$251,343 |
| <i>Reserve Income</i> | \$37,779 | \$39,479 | \$41,256 | \$43,112 | \$45,052 |
| <i>Interest Earnings</i> | \$1,795 | \$1,849 | \$2,077 | \$2,347 | \$2,682 |
| <i>Special Assessments</i> | \$0 | \$0 | \$0 | \$0 | \$0 |
| Funds Available | \$226,056 | \$214,025 | \$240,670 | \$263,664 | \$299,077 |
| Reserve Expenditures | \$53,359 | \$16,688 | \$22,465 | \$12,322 | \$13,698 |
| Ending Balance | \$172,697 | \$197,338 | \$218,205 | \$251,343 | \$285,379 |

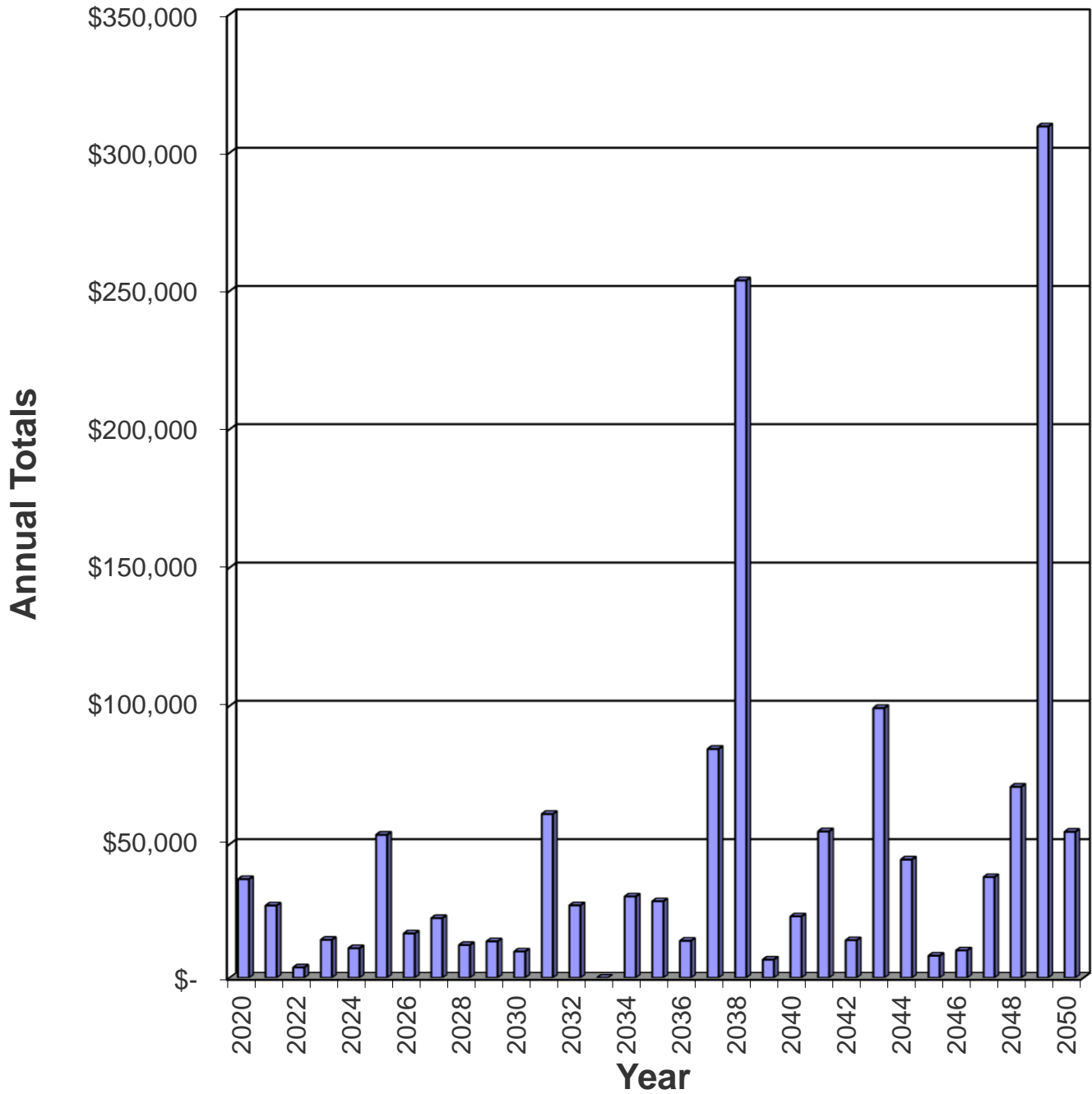
| Year | 2030 | 2031 | 2032 | 2033 | 2034 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| Starting Balance | \$285,379 | \$325,639 | \$317,149 | \$344,583 | \$402,040 |
| <i>Reserve Income</i> | \$47,079 | \$49,198 | \$51,412 | \$53,726 | \$56,143 |
| <i>Interest Earnings</i> | \$3,054 | \$3,213 | \$3,307 | \$3,732 | \$4,167 |
| <i>Special Assessments</i> | \$0 | \$0 | \$0 | \$0 | \$0 |
| Funds Available | \$335,513 | \$378,049 | \$371,868 | \$402,040 | \$462,350 |
| Reserve Expenditures | \$9,874 | \$60,900 | \$27,285 | \$0 | \$30,613 |
| Ending Balance | \$325,639 | \$317,149 | \$344,583 | \$402,040 | \$431,738 |

| Year | 2035 | 2036 | 2037 | 2038 | 2039 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| Starting Balance | \$431,738 | \$466,094 | \$518,428 | \$503,203 | \$320,444 |
| <i>Reserve Income</i> | \$58,670 | \$61,310 | \$64,069 | \$66,952 | \$69,965 |
| <i>Interest Earnings</i> | \$4,487 | \$4,921 | \$5,106 | \$4,116 | \$3,536 |
| <i>Special Assessments</i> | \$0 | \$0 | \$0 | \$0 | \$0 |
| Funds Available | \$494,894 | \$532,324 | \$587,603 | \$574,271 | \$393,945 |
| Reserve Expenditures | \$28,801 | \$13,896 | \$84,400 | \$253,827 | \$6,821 |
| Ending Balance | \$466,094 | \$518,428 | \$503,203 | \$320,444 | \$387,124 |

| Year | 2040 | 2041 | 2042 | 2043 | 2044 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| Starting Balance | \$387,124 | \$441,261 | \$467,597 | \$538,339 | \$527,897 |
| <i>Reserve Income</i> | \$73,113 | \$76,403 | \$79,841 | \$83,434 | \$87,189 |
| <i>Interest Earnings</i> | \$4,140 | \$4,542 | \$5,028 | \$5,329 | \$5,518 |
| <i>Special Assessments</i> | \$0 | \$0 | \$0 | \$0 | \$0 |
| Funds Available | \$464,377 | \$522,207 | \$552,466 | \$627,102 | \$620,604 |
| Reserve Expenditures | \$23,116 | \$54,609 | \$14,127 | \$99,204 | \$44,446 |
| Ending Balance | \$441,261 | \$467,597 | \$538,339 | \$527,897 | \$576,157 |

| Year | 2045 | 2046 | 2047 | 2048 | 2049 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| Starting Balance | \$576,157 | \$665,183 | \$757,214 | \$826,705 | \$868,433 |
| <i>Reserve Income</i> | \$91,112 | \$95,212 | \$99,497 | \$103,974 | \$108,653 |
| <i>Interest Earnings</i> | \$6,204 | \$7,109 | \$7,916 | \$8,472 | \$7,716 |
| <i>Special Assessments</i> | \$0 | \$0 | \$0 | \$0 | \$0 |
| Funds Available | \$673,474 | \$767,504 | \$864,627 | \$939,151 | \$984,802 |
| Reserve Expenditures | \$8,291 | \$10,290 | \$37,922 | \$70,718 | \$309,462 |
| Ending Balance | \$665,183 | \$757,214 | \$826,705 | \$868,433 | \$675,339 |

Reserve Expenditures



Projected Reserve Expenditures For Forest Park Estates HOA

| Year | Asset ID | Asset Name | Projected Cost | Total Per Annum |
|------|----------|---------------------------------------|----------------|-----------------|
| 2020 | 1602 | Exterior Wall Mount - Replace (Condo) | \$3,638 | |
| | 1701 | Irrigation System - Major Repairs | \$3,000 | |
| | 1801 | Groundcover - Replenish | \$13,750 | |
| | 2001 | Sewer System - Major Repairs | \$7,250 | |
| | 2002 | Plumbing | \$9,500 | \$37,138 |
| 2021 | 401 | Asphalt - Major Overlay | \$27,209 | \$27,209 |
| 2022 | 402 | Asphalt - Surface Application | \$3,878 | \$3,878 |
| 2023 | 601 | Concrete Flatwork - Partial Replace | \$3,559 | |
| | 2002 | Plumbing | \$10,733 | \$14,291 |
| 2024 | 803 | Mailboxes - Replace | \$2,589 | |
| | 2001 | Sewer System - Major Repairs | \$8,531 | \$11,119 |
| 2025 | 204 | Building Ext Surfaces - Repaint | \$11,581 | |
| | 207 | Metal Railing - Repaint | \$3,477 | |
| | 303 | Wood Siding - Repair (Condo) | \$15,012 | |
| | 306 | Brick - Major Repairs | \$13,786 | |
| | 1001 | Wood Fencing - Replace | \$2,328 | |
| | 1010 | Trash Enclosure - Replace | \$3,499 | |
| | 1701 | Irrigation System - Major Repairs | \$3,676 | \$53,359 |
| 2026 | 402 | Asphalt - Surface Application | \$4,563 | |
| | 2002 | Plumbing | \$12,125 | \$16,688 |
| 2027 | 601 | Concrete Flatwork - Partial Replace | \$4,187 | |
| | 1801 | Groundcover - Replenish | \$18,278 | \$22,465 |
| 2028 | 721 | Expansion Tank - Replace | \$2,284 | |
| | 2001 | Sewer System - Major Repairs | \$10,037 | \$12,322 |
| 2029 | 2002 | Plumbing | \$13,698 | \$13,698 |
| 2030 | 402 | Asphalt - Surface Application | \$5,369 | |
| | 1701 | Irrigation System - Major Repairs | \$4,505 | \$9,874 |
| 2031 | 204 | Building Ext Surfaces - Repaint | \$14,780 | |
| | 207 | Metal Railing - Repaint | \$4,438 | |
| | 303 | Wood Siding - Repair (Condo) | \$19,160 | |
| | 306 | Brick - Major Repairs | \$17,596 | |
| | 601 | Concrete Flatwork - Partial Replace | \$4,927 | \$60,900 |
| 2032 | 2001 | Sewer System - Major Repairs | \$11,810 | |
| | 2002 | Plumbing | \$15,475 | \$27,285 |
| 2033 | | No Expenditures Projected | | \$0 |
| 2034 | 402 | Asphalt - Surface Application | \$6,317 | |
| | 1801 | Groundcover - Replenish | \$24,296 | \$30,613 |
| 2035 | 601 | Concrete Flatwork - Partial Replace | \$5,797 | |
| | 1701 | Irrigation System - Major Repairs | \$5,521 | |
| | 2002 | Plumbing | \$17,483 | \$28,801 |
| 2036 | 2001 | Sewer System - Major Repairs | \$13,896 | \$13,896 |
| 2037 | 204 | Building Ext Surfaces - Repaint | \$18,864 | |
| | 207 | Metal Railing - Repaint | \$5,664 | |
| | 303 | Wood Siding - Repair (Condo) | \$24,454 | |
| | 306 | Brick - Major Repairs | \$22,457 | |
| | 1010 | Trash Enclosure - Replace | \$5,699 | |
| | 1602 | Exterior Wall Mount - Replace (Condo) | \$7,261 | \$84,400 |
| 2038 | 103 | EPDM Flat Roof - Replace | \$192,573 | |
| | 105 | Comp Shingle Roof - Replace | \$34,071 | |
| | 402 | Asphalt - Surface Application | \$7,433 | |
| | 2002 | Plumbing | \$19,751 | \$253,827 |
| 2039 | 601 | Concrete Flatwork - Partial Replace | \$6,821 | \$6,821 |
| 2040 | 1701 | Irrigation System - Major Repairs | \$6,766 | |

| Year | Asset ID | Asset Name | Projected Cost | Total Per Annum |
|-------------|-----------------|-------------------------------------|-----------------------|------------------------|
| | 2001 | Sewer System - Major Repairs | \$16,350 | \$23,116 |
| 2041 | 1801 | Groundcover - Replenish | \$32,296 | |
| | 2002 | Plumbing | \$22,314 | \$54,609 |
| 2042 | 402 | Asphalt - Surface Application | \$8,745 | |
| | 803 | Mailboxes - Replace | \$5,382 | \$14,127 |
| 2043 | 204 | Building Ext Surfaces - Repaint | \$24,077 | |
| | 207 | Metal Railing - Repaint | \$7,229 | |
| | 303 | Wood Siding - Repair (Condo) | \$31,210 | |
| | 306 | Brick - Major Repairs | \$28,663 | |
| | 601 | Concrete Flatwork - Partial Replace | \$8,026 | \$99,204 |
| 2044 | 2001 | Sewer System - Major Repairs | \$19,238 | |
| | 2002 | Plumbing | \$25,208 | \$44,446 |
| 2045 | 1701 | Irrigation System - Major Repairs | \$8,291 | \$8,291 |
| 2046 | 402 | Asphalt - Surface Application | \$10,290 | \$10,290 |
| 2047 | 601 | Concrete Flatwork - Partial Replace | \$9,443 | |
| | 2002 | Plumbing | \$28,479 | \$37,922 |
| 2048 | 721 | Expansion Tank - Replace | \$5,152 | |
| | 1801 | Groundcover - Replenish | \$42,930 | |
| | 2001 | Sewer System - Major Repairs | \$22,636 | \$70,718 |
| 2049 | 204 | Building Ext Surfaces - Repaint | \$30,729 | |
| | 207 | Metal Railing - Repaint | \$9,227 | |
| | 303 | Wood Siding - Repair (Condo) | \$39,834 | |
| | 306 | Brick - Major Repairs | \$36,582 | |
| | 401 | Asphalt - Major Overlay | \$84,952 | |
| | 702 | Boilers/Storage Tank - Replace | \$92,675 | |
| | 1001 | Wood Fencing - Replace | \$6,178 | |
| | 1010 | Trash Enclosure - Replace | \$9,284 | \$309,462 |
| 2050 | 402 | Asphalt - Surface Application | \$12,107 | |
| | 1701 | Irrigation System - Major Repairs | \$10,160 | |
| | 2002 | Plumbing | \$32,174 | \$54,441 |

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.

Fully Fund Balance (aka – Ideal 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.

$$\text{FFB} = \text{Replacement Cost} \times \text{Effective Age} / \text{Useful Life}$$

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 association's 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.