

Summit HOA Services Inc.

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Charter Ridge

Breckenridge, CO 80424



Reserve Analysis – Level III

Update without site visit

Final Version

For Fiscal Year Beginning 10/01/17

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Charter Ridge Association

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Important Information

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This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Association Institute, and various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and McGraw-Hill Professional. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and reserve study preparation.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

Summit HOA Services Inc. would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide a revised study.

This reserve analysis study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described.

Regards,



Murray Bain

President

Part I

Introduction

Your association has wisely chosen Summit HOA Services Inc. to provide a reserve analysis to guide the Board in its long term financial planning. This analysis will prove to be a valuable tool in determining your future capital maintenance, repair and replacement projects. Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

Funding Options

When a major repair or replacement is required in a community, an association has essentially four options available to address the expenditure:

The first, and only logical means that the Board of Directors has to ensure its ability to maintain the assets for which it is obligated, is by **assessing an adequate level of reserves** as part of the regular membership assessment, thereby distributing the cost of the replacements uniformly over the entire membership. The community is not only comprised of present members, but also future members. Any decision by the Board of Directors to adopt a calculation method or funding plan which would disproportionately burden future members in order to make up for past reserve deficits, would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the board is responsible to the "community" as a whole.

Whereas, if the association was setting aside reserves for this purpose, using the vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof, for example, to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The second option is for the association to **acquire a loan** from a lending institution in order to effect the required repairs. In many cases, banks will lend to an association using "future homeowner assessments" as collateral for the loan. With this method, the current board is pledging the future assets of an association. They are also incurring the additional expense of interest fees along with the original principal amount. In the case of a \$150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest.

The third option, too often used, is simply to **defer the required repair or replacement**. This option, which is not recommended, can create an environment of declining property values due to expanding lists of deferred maintenance items and the association's financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the association by making it difficult, or even impossible, for potential buyers to obtain financing from lenders. Increasingly, lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association itself, a prospective purchaser, or for an individual within such an association.

The fourth option is to pass a "**special assessment**" to the membership in an amount required to cover the expenditure. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure, if necessary. However, an association considering a special assessment cannot guarantee that an assessment, when needed, will be passed. Consequently, the association cannot guarantee its ability to perform the required repairs or replacements to those major components for which it is obligated when the need arises.

Additionally, while relatively new communities require very little in the way of major “reserve” expenditures, associations reaching 12 to 15 years of age and older, find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, could be devastating to an association’s overall budget.

Types of Reserve Studies

Most reserve studies fit into one of three categories:

Level I – Full Reserve Study;

Level II – Update with site inspection; and

Level III – Update without site inspection.

In a **Full Reserve Study**, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a “fund status” and “funding plan”.

In an **Update with site inspection**, the reserve provider conducts a component inventory (verification only, not quantification unless new components have been added to the inventory), a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both the “fund status and “funding plan.”

In an **Update without site inspection**, the reserve provider conducts life and valuation estimates to determine the “fund status” and “funding plan.”

The Reserve Study: A Physical and a Financial Analysis

There are two components of a reserve study: a physical analysis and a financial analysis.

Physical Analysis

During the physical analysis, a reserve study provider evaluates information regarding the physical status and repair/replacement cost of the association’s major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates.

Developing a Component List

The budget process begins with full inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense.

Operational Expenses

Occur at least annually, no matter how large the expense, and can be budgeted for effectively each year. They are characterized as being reasonably predictable, both in terms of frequency and cost. Operational expenses include all minor expenses, which would not otherwise adversely affect an operational budget from one year to the next. Examples of *operational expenses* include:

Utilities:	Bank Service Charges	Accounting
Electricity	Dues & Publications	Reserve Study
Gas	Licenses, Permits & Fees	Repair Expenses:
Water	Insurance(s)	Tile Roof Repairs
Telephone	Services:	Equipment Repairs
Cable TV	Landscaping	Minor Concrete Repairs
Administrative:	Pool Maintenance	Operating Contingency
Supplies	Street Sweeping	

Reserve Expenses

These are major expenses that occur other than annually, and which must be budgeted for in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved for in advance. Examples of reserve expenses include:

Roof Replacements	Park/Play Equipment
Painting	Pool/Spa Re-plastering
Deck Resurfacing	Pool Equipment Replacement
Fencing Replacement	Pool Furniture Replacement
Asphalt Seal Coating	Tennis Court Resurfacing
Asphalt Repairs	Lighting Replacement
Asphalt Overlays	Insurance(s)
Equipment Replacement	Reserve Study
Interior Furnishings	

Budgeting is Normally Excluded for:

Repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an association's governing documents. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses that may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for, are also excluded.

Financial Analysis

The financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent fully funded) to determine a recommendation for the appropriate reserve contribution rate in the future, known as the "funding plan".

Preparing the Reserve Study

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufactured quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study, the association should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

Funding Methods

From the simplest to the most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash flow method and the component method.

The cash flow method develops 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 actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based upon the individual lives of the components under consideration. The Summit HOA Services Inc. Threshold and the Summit HOA Services Inc. Current Assessment funding models are based upon the cash flow method.

The component method develops a reserve-funding plan where the total contribution is based upon the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the association will achieve and maintain an ideal level of reserve over time. This method also allows for computations on individual components in the analysis. The Summit HOA Services Inc. Component Funding model is based upon the component methodology.

Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are four basic strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below. Associations will have to update their reserve studies more or less frequently depending on the funding strategy they select.

Full Funding---Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

Fully Funded Reserves = Age divided by Useful Life the results multiplied by Current Replacement Cost

When an association's total accumulated reserves for all components meet this criterion, its reserves are considered "fully-funded."

The Summit HOA Services Inc. **Threshold Funding Model (Minimum Funding)**. The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance.

The Summit HOA Services Inc. **Threshold Funding Model**. This method is based upon the cash flow funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount (other than \$0).

The Summit HOA Services Inc. **Current Assessment Funding Model**. This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the association's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time.

The Summit HOA Services Inc. **Component Funding Model**. This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments, hence the name "Component Funding Model". This is the most conservative funding model. It leads to or maintains the fully funded reserve position. The following details this calculation process.

Component Funding Model Distribution of Accumulated Reserves

The “Distribution of Accumulated Reserves Report” is a “Component Funding Model” calculation. This distribution **does not** apply to the cash flow funding models.

When calculating reserves based upon the component methodology, a beginning reserve balance must be allocated for each of the individual components considered in the analysis, before the individual calculations can be completed. When this distribution is not available, or of sufficient detail, the following method is suggested for allocating reserves:

The first step the program performs in this process is subtracting, from the total accumulated reserves, any amounts for assets that have predetermined (fixed) reserve balances. The user can “fix” the accumulated reserve balance within the program on the individual asset’s detail page. If, by error, these amounts total more than the amount of funds available, then the remaining assets are adjusted accordingly. A provision for a contingency reserve is then deducted by the determined percentage used, and if there are sufficient remaining funds available.

The second step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component’s age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

Fully Funded Reserves = (Age/Useful Life) x Current Replacement Cost

The Summit HOA Services Inc. software program performs the above calculations to the actual month the component was placed-in-service. The program projects that the accumulation of necessary reserves for repairs or replacements will be available on the first day of the fiscal year in which they are scheduled to occur.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available is depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (scheduled for replacement in the current fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjusts the zero remaining life items to one year, and that asset assumes its new grouping position alphabetically in the final printed report.

If, at the completion of this task, there are additional moneys that have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such and are not factored into any of the report computations. If, at the end of this assignment process there are designated excess funds, they can be used to offset the monthly contribution requirements recommended, or used in any other manner the client may desire.

Assigning the reserves in this manner defers the make-up period for any under-funding over the longest remaining life of all assets under consideration, thereby minimizing the impact of any deficiency. For example, if the report indicates an under funding of \$50,000, this under-funding will be assigned to components with the longest remaining lives in order to give more time to “replenish” the account. If the \$50,000 under-funding were to be assigned to short remaining life items, the impact would be felt immediately.

If the reserves are under-funded, the monthly contribution requirements, as outlined in this report, can be expected to be higher than normal. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes that may be under consideration.

Funding Reserves

Three assessment and contribution figures are provided in the report, the “Monthly Reserve Assessment Required”, the “Average Net Monthly Interest Earned” contribution and the “Total Monthly Allocation to Reserves.” The association should allocate the “Monthly Reserve Assessment Required” amount to reserves each month when the interest earned on the reserves is left in the reserve accounts as part of the contribution. Any interest earned on reserve deposits, must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the “Total Monthly Allocation” to reserves (this is the member assessment plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid, the amount due will be taken directly from the association’s operating accounts as the reserve accounts are allocated only those moneys net of taxes.

Users’ Guide to your Reserve Analysis Study

Part II of your Summit HOA Services Inc. Report contains the reserve analysis study for your association. There are seven types of reports in the study as described below.

Report Summaries

The Report Summary for all funding models lists all of the parameters that were used in calculating the report as well as the summary of your reserve analysis study.

Index Reports

The **Distribution of Accumulated Reserves** report lists all assets in remaining life order. It also identifies the ideal level of reserves that should have accumulated for the association as well as the actual reserves available. This information is valid only for the “Component Funding Model” calculation.

The **Component Listing/Summary** lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

Detail Reports

The Detail Report itemizes each asset and lists all measurements, current and future costs, and calculations for that asset. Provisions for percentage replacements, salvage values, and one-time replacements can also be utilized. These reports can be sorted by category or group.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufactured quality, usage, exposure to elements and maintenance history.

The Summit HOA Services Inc. Detail Index is an alphabetical listing of all assets, together with the page number of the asset’s detail report, the projected replacement year, and the asset number.

Projections

Thirty-year projections add to the usefulness of your reserve analysis study.

Definitions

Report I.D.

Includes the Report Date (example: November 15, 1992), Account Number (example: 9773), and Version (example: 1.0). Please use this information (displayed on the summary page) when referencing your report.

Budget Year Beginning/Ending

The budgetary year for which the report is prepared. For associations with fiscal years ending December 31st, the monthly contribution figures indicated are for the 12-month period beginning 1/1/20xx and ending 12/31/20xx.

Number of Units and/or Phases

If applicable, the number of units and/or phases included in this version of the report.

Inflation

This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement, and the total is used in calculating the monthly reserve contribution that will be necessary to accumulate the required funds in time for replacement.

Annual Assessment Increase

This represents the percentage rate at which the association will increase its assessment to reserves at the end of each year. For example, in order to accumulate \$10,000 in 10 years, you could set aside \$1,000 per year. As an alternative, you could set aside \$795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation. It can, however, be used to aide those associations that have not set aside appropriate reserves in the past, by making the initial year's allocation less formidable.

Investment Yield Before Taxes

The average interest rate anticipated by the association based upon its current investment practices.

Taxes on Interest Yield

The estimated percentage of interest income that will be set aside to pay income taxes on the interest earned.

Projected Reserve Balance

The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

Percent Fully Funded

The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

Phase Increment Detail and/or Age

Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

Monthly Assessment

The assessment to reserves required by the association each month.

Interest Contribution (After Taxes)

The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

Total Monthly Allocation

The sum of the monthly assessment and interest contribution figures.

Group and Category

The report may be prepared and sorted either by group (location, building, phase, etc.) or by category (roofing, painting, etc.). The standard report printing format is by category.

Percentage of Replacement or Repairs

In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

Placed-In-Service Date

The month and year that the asset was placed-in-service. This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

Estimated Useful Life

The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

Adjustment to Useful Life

Once the useful life is determined, it may be adjusted, up or down, by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

Estimated Remaining Life

This calculation is completed internally based upon the report's fiscal year date and the date the asset was placed-in-service.

Replacement Year

The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

Annual Fixed Reserves

An optional figure which, if used, will override the normal process of allocating reserves to each asset.

Fixed Assessment

An optional figure which, if used, will override all calculations and set the assessment at this amount. This assessment can be set for monthly, quarterly or annually as necessary.

Salvage Value

The salvage value of the asset at the time of replacement, if applicable.

One-Time Replacement

Notation if the asset is to be replaced on a one-time basis.

Current Replacement Cost

The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared

Future Replacement Cost

The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

Component Inventory

The task of selecting and qualifying reserve components. This task can be accomplished through on-site visual, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

Related Reserve Study Legislative Summary

Colorado State:

- CCIOA – The Colorado Common Interest Ownership Act (CCIOA) was created on July 01, 1992. Unless an exempt status is recognized, all homeowner associations created on or after this date are governed by the Act. In 2005, and virtually each year since, the state legislature has passed extensive amendments to the act.
- Association General Responsibility – “... the association is responsible for maintenance, repair, and replacement of the common elements ...” (CCIOA §38-33.3-307(1)).
- Responsible Governance – applies to all associations regardless if created before or after (CCIOA) July 01, 1992.
 - To promote responsible governance, associations shall “adopt policies, procedures, and rules and regulations concerning” the “investment of reserve funds” (CCIOA; § 38-33.3-209.5(1)(b)(VI)). This includes the methods and standards used by the board in deciding how to invest and manage the association’s reserve funds.
 - In 2009, House Bill 1359 was signed into law by the Governor that requires a homeowner association to adopt a responsible governance policy that addresses how often a reserve study is to be prepared (the recommendation being at least every 3 years), whether it is based on a physical and a financial analysis, and to identify how it proposes to pay for scheduled repairs or replacement of reserve assets.

Federal:

- IRS – to not be considered taxable income, the IRS requires that the reserve fund be kept separate from the operating fund, agree to and support the budget, and be allocated to specific major improvements and replacements.
- Secondary Mortgage Market – in a recently updated Fannie Mae Selling Guide, specifically Announcement 07-18 that was issued on 11/15/07, Fannie Mae requires that a lender’s review of condominium projects must include a review of the association’s budget to ensure that it is “adequate” and that it “provides for the funding of replacement reserves for capital expenditures and deferred maintenance (at least 10 percent of the budget), and provides adequate funding for insurance deductible amounts.”

A Multi-Purpose Tool

Your Summit HOA Services Inc. Report is an important part of your association's budgetary process. Following its recommendations should ensure the association's smooth budgetary transitions from one fiscal year to the next, and either decrease or eliminate the need for "special assessments".

In addition, your Summit HOA Services Inc. reserve study serves a variety of useful purposes:

- Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.
- A reserve analysis study is required by your accountant during the preparation of the association's annual audit.
- The Summit HOA Services Inc. reserve study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.
- Your Summit HOA Services Inc. Report is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your Summit HOA Services Inc. Report is a tool that can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated.
- Since the Summit HOA Services Inc. reserve analysis study includes measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- The Summit HOA Services Inc. reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumers' guide" by prospective purchasers.
- The Summit HOA Services Inc. Report meets all standards as established by the Community Associations Institute for reserve analysis.
- Your Summit HOA Services Inc. Report provides a record of the time, cost, and quantities of past reserve replacements. At times the association's management company and board of directors are transitory which may result in the loss of these important records.

Report Date	July 26, 2017
Budget Year Beginning	October 01, 2017
Budget Year Ending	September 30, 2018
Total Units	11

<i>Report Parameters</i>	
Inflation	2.00%
Interest Rate on Reserve Deposit	0.10%
Tax Rate on Interest	30.00%
Contingency	3.00%
2017 Beginning Balance	\$73,480

The Charter Ridge Association's physical assets consist of five 3-level Duplex buildings and one 3-level Single Family house, all with attached garages, and all accessed by a common asphalted driveway with some surface parking, retaining walls and well landscaped grounds. There are a total of 11 residential Units, each with private balconies, patios and private entryways.

Subject to the definition of a Unit and the General Responsibilities and Restrictions, as contained in the Declaration, the Association is essentially responsible for the maintenance of the structural and exterior elements of the project, including roofs, siding, gutters, downspouts, decks, patios, steps, security systems, sewer services, as well as all common area landscaping, walkways, driveways, and retaining walls.

Construction of the complex was completed in 1994 and is currently maintained and managed by Bliss Property Management of Breckenridge, Colorado. According to the Management, the common elements have been progressively repaired, maintained and repainted as needed.

The Association previously completed a Level II (update with site visit) Reserve Analysis Update in October 2013, as prepared by Summit HOA Services Inc.

This new Level III (update without site visit) Reserve Study Update bases its assumptions on adoption of the Current Assessment Funding Model, which includes annual inflationary increases of 2% and annual interest on reserve funds throughout the study of 0.1%. To reach healthy funding levels, a 10% increase in reserve contributions is needed each year from 2017, but reduces to 6% in 2023. However, significant underfunding of the reserves does occur in 2023 when replacement of the roofs is anticipated. Additional sources of income will likely be required to provide for this replacement.

<i>Current Assessment Funding Model Summary of Calculations</i>	
Required Month Contribution	\$993.00
Average Net Month Interest Earned	\$3.46
Total Month Allocation to Reserves	\$996.46

**Charter Ridge Association
RA Current Assessment Funding Model Projection**

Beginning Balance: \$73,480

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2017	585,519	11,916	42	20,565	64,873	501,677	13%
2018	597,229	13,108	43	10,047	67,977	529,561	13%
2019	609,174	14,418	48	7,546	74,897	560,861	13%
2020	621,357	15,860	33	36,025	54,766	564,535	10%
2021	633,784	17,446	45		72,257	606,770	12%
2022	646,460	19,191	9	69,896	21,561	577,327	4%
2023		474,970	<i>Roof Replacement Funding</i>				
2023	659,389	21,110	5	501,525	16,120	94,055	17%
2024	672,577	22,377	20		38,516	129,145	30%
2025	686,028	23,719	5	44,857	17,383	118,511	15%
2026	699,749	25,142	18	5,975	36,567	149,249	25%
2027	713,744	26,651	18	25,068	38,168	161,217	24%
2028	728,019	28,250	29	12,247	54,200	187,613	29%
2029	742,579	29,945	43	9,199	74,989	218,464	34%
2030	757,431	31,742	58	9,848	96,940	249,984	39%
2031	772,579	33,646	81		130,666	293,241	45%
2032	788,031	35,665	86	27,677	138,739	309,024	45%
2033	803,792	37,805	102	13,522	163,124	340,788	48%
2034	819,867	40,073	129		203,327	388,202	52%
2035	836,265	42,477	125	48,485	197,444	386,393	51%
2036	852,990	45,026	155		242,625	436,360	56%
2037	870,050	47,728	167	30,558	259,961	456,038	57%
2038	887,451	50,591	191	14,929	295,814	493,405	60%
2039	905,200	53,627	220	11,213	338,447	536,306	63%
2040	923,304	56,844	250	12,005	383,536	580,129	66%
2041	941,770	60,255	291		444,083	638,367	70%
2042	960,605	63,870	312	33,739	474,526	663,224	72%
2043	979,817	67,702	346	16,483	526,091	707,675	74%
2044	999,414	71,765	396		598,252	771,318	78%
2045	1,019,402	76,070	438	13,254	661,506	823,286	80%
2046	1,039,790	80,635	441	75,903	666,678	811,425	82%

**Charter Ridge Association
RA Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2017	
Asphalt - Repairs	5,801
Concrete Flatwork - Repairs	4,914
Staining Exterior - All Bldgs - Phase 1	9,850
Total for 2017	\$20,565
 Replacement Year 2018	
Staining Exterior - All Bldgs - Phase 2	10,047
Total for 2018	\$10,047
 Replacement Year 2019	
Facade Stone Repairs - Duplex	6,242
Facade Stone Repairs - SF	1,304
Total for 2019	\$7,546
 Replacement Year 2020	
Facade Stucco Repairs - Duplex	2,611
Facade Stucco Repairs - SF	566
Painting Exterior - Duplex	22,973
Painting Exterior - SF	4,973
Roofing - Duplex Repairs	3,884
Roofing - SF Repairs	1,019
Total for 2020	\$36,025
 <i>No Replacement in 2021</i>	
 Replacement Year 2022	
Asphalt - Overlay	47,191
Asphalt - Repairs	6,404
Concrete Flatwork - Repairs	5,425
Staining Exterior - All Bldgs - Phase 1	10,875
Total for 2022	\$69,896
 Replacement Year 2023	
Gutters, Downspouts, Heat Tapes	24,776
Roofing - Duplex Replacement	368,897
Roofing - SF Replacement	96,760
Staining Exterior - All Bldgs - Phase 2	11,093
Total for 2023	\$501,525

**Charter Ridge Association
RA Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2024</i>	
Replacement Year 2025	
Facade Stucco Repairs - Duplex	2,882
Facade Stucco Repairs - SF	624
Retaining Walls - Timber - Replace	35,937
Roofing - Duplex Repairs	4,288
Roofing - SF Repairs	1,125
Total for 2025	<u>\$44,857</u>
Replacement Year 2026	
Retaining Walls - Rock - Repair	5,975
Total for 2026	<u>\$5,975</u>
Replacement Year 2027	
Asphalt - Repairs	7,071
Concrete Flatwork - Repairs	5,990
Staining Exterior - All Bldgs - Phase 1	12,007
Total for 2027	<u>\$25,068</u>
Replacement Year 2028	
Staining Exterior - All Bldgs - Phase 2	12,247
Total for 2028	<u>\$12,247</u>
Replacement Year 2029	
Facade Stone Repairs - Duplex	7,609
Facade Stone Repairs - SF	1,589
Total for 2029	<u>\$9,199</u>
Replacement Year 2030	
Facade Stucco Repairs - Duplex	3,182
Facade Stucco Repairs - SF	689
Roofing - Duplex Repairs	4,735
Roofing - SF Repairs	1,242
Total for 2030	<u>\$9,848</u>
<i>No Replacement in 2031</i>	
Replacement Year 2032	
Asphalt - Repairs	7,807

**Charter Ridge Association
RA Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2032 continued...</i>	
Concrete Flatwork - Repairs	6,614
Staining Exterior - All Bldgs - Phase 1	13,257
Total for 2032	\$27,677
Replacement Year 2033	
Staining Exterior - All Bldgs - Phase 2	13,522
Total for 2033	\$13,522
<i>No Replacement in 2034</i>	
Replacement Year 2035	
Facade Stucco Repairs - Duplex	3,513
Facade Stucco Repairs - SF	761
Painting Exterior - Duplex	30,919
Painting Exterior - SF	6,693
Roofing - Duplex Repairs	5,227
Roofing - SF Repairs	1,371
Total for 2035	\$48,485
<i>No Replacement in 2036</i>	
Replacement Year 2037	
Asphalt - Repairs	8,620
Concrete Flatwork - Repairs	7,302
Staining Exterior - All Bldgs - Phase 1	14,637
Total for 2037	\$30,558
Replacement Year 2038	
Staining Exterior - All Bldgs - Phase 2	14,929
Total for 2038	\$14,929
Replacement Year 2039	
Facade Stone Repairs - Duplex	9,276
Facade Stone Repairs - SF	1,937
Total for 2039	\$11,213
Replacement Year 2040	
Facade Stucco Repairs - Duplex	3,879

**Charter Ridge Association
RA Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2040 continued...</i>	
Facade Stucco Repairs - SF	840
Roofing - Duplex Repairs	5,771
Roofing - SF Repairs	1,514
Total for 2040	\$12,005
 <i>No Replacement in 2041</i>	
Replacement Year 2042	
Asphalt - Repairs	9,517
Concrete Flatwork - Repairs	8,062
Staining Exterior - All Bldgs - Phase 1	16,160
Total for 2042	\$33,739
 Replacement Year 2043	
Staining Exterior - All Bldgs - Phase 2	16,483
Total for 2043	\$16,483
 <i>No Replacement in 2044</i>	
Replacement Year 2045	
Facade Stucco Repairs - Duplex	4,283
Facade Stucco Repairs - SF	928
Roofing - Duplex Repairs	6,372
Roofing - SF Repairs	1,671
Total for 2045	\$13,254
 Replacement Year 2046	
Asphalt - Overlay	75,903
Total for 2046	\$75,903

**Charter Ridge Association
RA Detail Report by Category**

Asphalt - Overlay - 2022

		15,265 sq. ft.	@ \$2.80
Asset ID	1005	Asset Cost	\$42,742.00
	Commons	Percent Replacement	100%
	Streets/Walkways	Future Cost	\$47,190.62
Placed in Service	January 1994	Assigned Reserves	\$10,195.26
Useful Life	24		
Adjustment	5	Monthly Assessment	\$71.05
Replacement Year	2022	Interest Contribution	<u>\$0.62</u>
Remaining Life	5	Reserve Allocation	\$71.67

The useful life range of the Asphalt driveway is usually 15-25 years, dependent upon regular crack sealing and sealcoating. Considering the next repairs are due imminently, this asset has been deferred until the next repair cycle.

Deterioration tends to occur from either structural or environmental distresses. Structural distresses, which are physical failures in the pavement or sub-base, include traffic overload, wet subgrade, frost or substandard design, and usually occur from the bottom up. Such failures tend to require overlay, or removal and replacement, and possibly some reconstruction of the sub-base.

Environmental distresses are outside influences that affect the pavement performance, such as snow and ice accumulation and removal, chemicals, petroleum products, UV rays, water and natural aging. These distresses usually occur from top down and are usually remedied by seal coating, crack sealing, and skin patching, dependent upon the severity of deterioration.

The replacement cost estimates for some milling of existing asphalt, disposal, followed by a 2-3" overlay, but does not include any sub-surface improvements or reconstruction.

Asphalt - Repairs - 2017

		15,265 sq. ft.	@ \$0.38
Asset ID	1006	Asset Cost	\$5,800.70
	Commons	Percent Replacement	100%
	Streets/Walkways	Future Cost	\$5,800.70
Placed in Service	June 2013	Assigned Reserves	\$5,800.70
Useful Life	5		
Replacement Year	2017	Monthly Assessment	No Assessment
Remaining Life	0	Interest Contribution	
		Reserve Allocation	

Patching, crack seal repair, and (optional) seal coating should be conducted very 3-5 years to ensure the integrity, longevity and appeal of the asphalt surfaces. Minor cracking is not normally sealed, however should any cracks widen more than 1/4", hot pour crack filling becomes advisable. Seal coating fills the finer cracks and helps protect from UV exposure, but over sealcoating can actually enhance the deterioration of the surface.

According to the Client, the last sealcoating occurred in 2013 by APeak Asphalt for a total cost of \$5680. Previously, asphalt repairs have been expensed to the operating fund. Although the

**Charter Ridge Association
RA Detail Report by Category**

Asphalt - Repairs continued...

Association may want to continue this practice, for the purposes of this reserve update, funding has been transferred to the reserve.

Concrete Flatwork - Repairs - 2017

		702 sq. ft.	@ \$7.00
Asset ID	1007	Asset Cost	\$4,914.00
	Commons	Percent Replacement	100%
	Streets/Walkways	Future Cost	\$4,914.00
Placed in Service	November 2012	Assigned Reserves	\$4,914.00
Useful Life	5		
Replacement Year	2017	Monthly Assessment	No Assessment
Remaining Life	0	Interest Contribution	
		Reserve Allocation	

This component reserves for repairs to the concrete walkways to each Unit. All cracks should be periodically caulked to minimize more serious deterioration. Such caulking would be considered an operating expense. As the useful life of concrete usually extends well beyond the 30-year period of this study, provided regular maintenance (e.g. crack and joint caulking) is conducted, a periodic contingency is established for more major repairs only.

Various factors influence concrete behavior*. These factors range from defects due to poor design, materials and/or construction, to damage caused by overloading, chemical spills, or other environmental factors, to deterioration from freeze-thaw effects, erosion, corrosion of metals, alkali-aggregate reaction, and sulfate attack.

*Reference: "Concrete Repair and Maintenance Illustrated" - Peter H. Emmons

Facade Stone Repairs - Duplex - 2019

		12,000 sq. ft.	@ \$0.50
Asset ID	1011	Asset Cost	\$6,000.00
	Duplex Units	Percent Replacement	100%
	Building Components	Future Cost	\$6,242.40
Placed in Service	November 2012	Assigned Reserves	\$4,285.71
Useful Life	10		
Adjustment	-3	Monthly Assessment	\$9.38
Replacement Year	2019	Interest Contribution	<u>\$0.25</u>
Remaining Life	2	Reserve Allocation	<u>\$9.64</u>

As this is a contingency reserve for more major repairs to the exterior stone work, this asset has not changed since the prior 2013 reserve study.

**Charter Ridge Association
RA Detail Report by Category**

Facade Stone Repairs - SF - 2019			
		2,506 sq. ft.	@ \$0.50
Asset ID	1012	Asset Cost	\$1,253.00
	Single Family House	Percent Replacement	100%
	Building Components	Future Cost	\$1,303.62
Placed in Service	November 2012	Assigned Reserves	\$895.00
Useful Life	10		
Adjustment	-3	Monthly Assessment	\$1.96
Replacement Year	2019	Interest Contribution	<u>\$0.05</u>
Remaining Life	2	Reserve Allocation	\$2.01

As this is a contingency reserve for more major repairs to the exterior stone work, this asset has not changed since the prior 2013 reserve study.

Facade Stucco Repairs - Duplex - 2020			
		16,400 sq. ft.	@ \$0.15
Asset ID	1013	Asset Cost	\$2,460.00
	Duplex Units	Percent Replacement	100%
	Building Components	Future Cost	\$2,610.57
Placed in Service	November 2012	Assigned Reserves	\$1,537.50
Useful Life	5		
Adjustment	3	Monthly Assessment	\$3.43
Replacement Year	2020	Interest Contribution	<u>\$0.09</u>
Remaining Life	3	Reserve Allocation	\$3.52

This component includes all the EIFS (synthetic) stucco on the exterior of the Duplex buildings. As well-maintained synthetic stucco can last longer than the 30-year range of this report, no complete replacement costs are included, however, a contingency for major repairs is included every 5 years, commencing 2020.

Facade Stucco Repairs - SF - 2020			
		3,553 sq. ft.	@ \$0.15
Asset ID	1014	Asset Cost	\$532.95
	Single Family House	Percent Replacement	100%
	Building Components	Future Cost	\$565.57
Placed in Service	November 2012	Assigned Reserves	\$333.09
Useful Life	5		
Adjustment	3	Monthly Assessment	\$0.74
Replacement Year	2020	Interest Contribution	<u>\$0.02</u>
Remaining Life	3	Reserve Allocation	\$0.76

Similar to the Duplex Units, this component establishes a contingency for stucco repairs to the Single Family Home.

**Charter Ridge Association
RA Detail Report by Category**

Gutters, Downspouts, Heat Tapes - 2023

Asset ID	1019	1 Total	@ \$22,000.00
	Commons	Asset Cost	\$22,000.00
	Roofing	Percent Replacement	100%
Placed in Service	January 1994	Future Cost	\$24,775.57
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2023	Monthly Assessment	\$39.67
Remaining Life	6	Interest Contribution	<u>\$0.01</u>
		Reserve Allocation	\$39.69

Although the gutters and downspouts have a life expectancy beyond the period of this study, it is expected that all would be removed and replaced during a re-roofing of the buildings. The component life has therefore been adjusted to align with such residing.

Price includes tearout and replacement with seamless galvanized metal gutters and downspouts.

Similarly, although repairs and replacement of the heat tapes would be conducted as needed, and considered an operational expense, full replacement would be required during a re-roofing project.

As the total quantity of the gutters, downspouts and heat tapes is unknown at this time, an estimate is made on a basis of \$2000 per building.

Painting Exterior - Duplex - 2020

Asset ID	1015	16,400 sq. ft.	@ \$1.32
	Duplex Units	Asset Cost	\$21,648.00
	Painting	Percent Replacement	100%
Placed in Service	January 1994	Future Cost	\$22,973.03
Useful Life	15	Assigned Reserves	\$19,242.67
Adjustment	12	Monthly Assessment	\$11.83
Replacement Year	2020	Interest Contribution	<u>\$1.13</u>
Remaining Life	3	Reserve Allocation	\$12.96

This includes all the painted exterior stucco surfaces of the duplexes. Considering that Management conducts touchup painting and minor repairs as necessary, the useful life of this component should range 10-15 years. An adjustment has been made to permit more thorough painting to coincide with deferred repairs in 2018 (see Asset ID 1013).

**Charter Ridge Association
RA Detail Report by Category**

Painting Exterior - SF - 2020			
Asset ID	1016	3,550 sq. ft.	@ \$1.32
	Single Family House	Asset Cost	\$4,686.00
	Painting	Percent Replacement	100%
Placed in Service	January 1994	Future Cost	\$4,972.82
Useful Life	15	Assigned Reserves	\$4,165.33
Adjustment	12	Monthly Assessment	\$2.56
Replacement Year	2020	Interest Contribution	<u>\$0.24</u>
Remaining Life	3	Reserve Allocation	\$2.80

Similar to the Duplex Units. Major work has been postponed until 2020.

Retaining Walls - Rock - Repair - 2026			
Asset ID	1010	1 Each	@ \$5,000.00
	Commons	Asset Cost	\$5,000.00
	Grounds Components	Percent Replacement	100%
Placed in Service	January 1994	Future Cost	\$5,975.46
Useful Life	30	Assigned Reserves	<i>none</i>
Adjustment	3	Monthly Assessment	\$6.37
Replacement Year	2026	Interest Contribution	
Remaining Life	9	Reserve Allocation	<u>\$6.37</u>

As this is a contingency reserve for major repairs to the rock wall adjacent the driveway, this asset has not changed since the prior 2013 reserve study.

Retaining Walls - Timber - Replace - 2025			
Asset ID	1009	1,200 sq. ft.	@ \$25.56
	Commons	Asset Cost	\$30,672.00
	Grounds Components	Percent Replacement	100%
Placed in Service	January 1994	Future Cost	\$35,937.14
Useful Life	30	Assigned Reserves	<i>none</i>
Adjustment	2	Monthly Assessment	\$43.13
Replacement Year	2025	Interest Contribution	<u>\$0.02</u>
Remaining Life	8	Reserve Allocation	\$43.15

Includes the 8"x7" timber (railroad tie) retaining walls, with a useful life of 25-30 years. Replacement includes removal of old, excavation and backfill.

**Charter Ridge Association
RA Detail Report by Category**

Roofing - Duplex Repairs - 2020			
Asset ID	1003	183 squares	@ \$20.00
	Duplex Units	Asset Cost	\$3,660.00
	Roofing	Percent Replacement	100%
Placed in Service	September 2016	Future Cost	\$3,884.02
Useful Life	5	Assigned Reserves	\$1,464.00
Replacement Year	2020	Monthly Assessment	\$7.75
Remaining Life	3	Interest Contribution	<u>\$0.09</u>
		Reserve Allocation	\$7.84

The Association has advised that some roofing repairs were conducted in 2016 for a cost of \$4041. It is expected that repairs will be on going every 5 - 10 years to ensure the material extends to its useful life. Accordingly, the cost basis has been reduced (by half) from the prior reserve study.

Roofing - Duplex Replacement - 2023			
Asset ID	1001	183 squares	@ \$1,790.00
	Duplex Units	Asset Cost	\$327,570.00
	Roofing	Percent Replacement	100%
Placed in Service	January 1994	Future Cost	\$368,897.02
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2023	Monthly Assessment	\$590.72
Remaining Life	6	Interest Contribution	<u>\$0.22</u>
		Reserve Allocation	\$590.94

Based on a slightly elevated proposal by Mark Hubbard in 2014, the cost includes tearoff, disposal, replacement with underlayment insulation, DaVinci Faux Slate Tiles and all flashing. Cost does not include any roof decking or sheathing replacement.

To promote the maximum life of the roof, it is important that annual inspections and maintenance are conducted, by a qualified contractor, to ensure tears and holes are repaired, drainage is unobstructed and ice is not permitted to accumulate on or under the roofing surface.

Cost Basis: Turner Morris - Mark Hubbard 970-262-1700

**Charter Ridge Association
RA Detail Report by Category**

Roofing - SF Repairs - 2020			
Asset ID	1004	48 squares	@ \$20.00
	Single Family House	Asset Cost	\$960.00
	Roofing	Percent Replacement	100%
Placed in Service	September 2016	Future Cost	\$1,018.76
Useful Life	5	Assigned Reserves	\$384.00
Replacement Year	2020	Monthly Assessment	\$2.03
Remaining Life	3	Interest Contribution	<u>\$0.02</u>
		Reserve Allocation	\$2.06

A similar contingency has been established and aligned with the duplex roof repairs.

Roofing - SF Replacement - 2023			
Asset ID	1002	48 squares	@ \$1,790.00
	Single Family House	Asset Cost	\$85,920.00
	Roofing	Percent Replacement	100%
Placed in Service	January 1994	Future Cost	\$96,759.87
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2023	Monthly Assessment	\$154.94
Remaining Life	6	Interest Contribution	<u>\$0.06</u>
		Reserve Allocation	\$155.00

Based on a slightly elevated proposal by Mark Hubbard in 2014, the cost includes tearoff, disposal, replacement with underlayment insulation, DaVinci Faux Slate Tiles and all flashing. Cost does not include any roof decking or sheathing replacement.

To promote the maximum life of the roof, it is important that annual inspections and maintenance are conducted, by a qualified contractor, to ensure tears and holes are repaired, drainage is unobstructed and ice is not permitted to accumulate on or under the roofing surface.

Cost Basis: Turner Morris - Mark Hubbard 970-262-1700

Staining Exterior - All Bldgs - Phase 1 - 2017			
Asset ID	1018	9,850 sq. ft.	@ \$2.00
	Commons	Asset Cost	\$9,850.00
	Painting	Percent Replacement	50%
Placed in Service	June 2013	Future Cost	\$9,850.00
Useful Life	5	Assigned Reserves	\$9,850.00
Replacement Year	2017	Monthly Assessment	No Assessment
Remaining Life	0	Interest Contribution	
		Reserve Allocation	

This includes all the exterior stained wood flat surfaces of all buildings (trim, belly boards, soffits) and is based on a 2017 limited staining proposal from Allman Painting. Staining has

**Charter Ridge Association
RA Detail Report by Category**

Staining Exterior - All Bldgs - Phase 1 continued...

been phased to permit half the staining to be completed in one year with the remainder completed the following year.

Staining Exterior - All Bldgs - Phase 2 - 2018

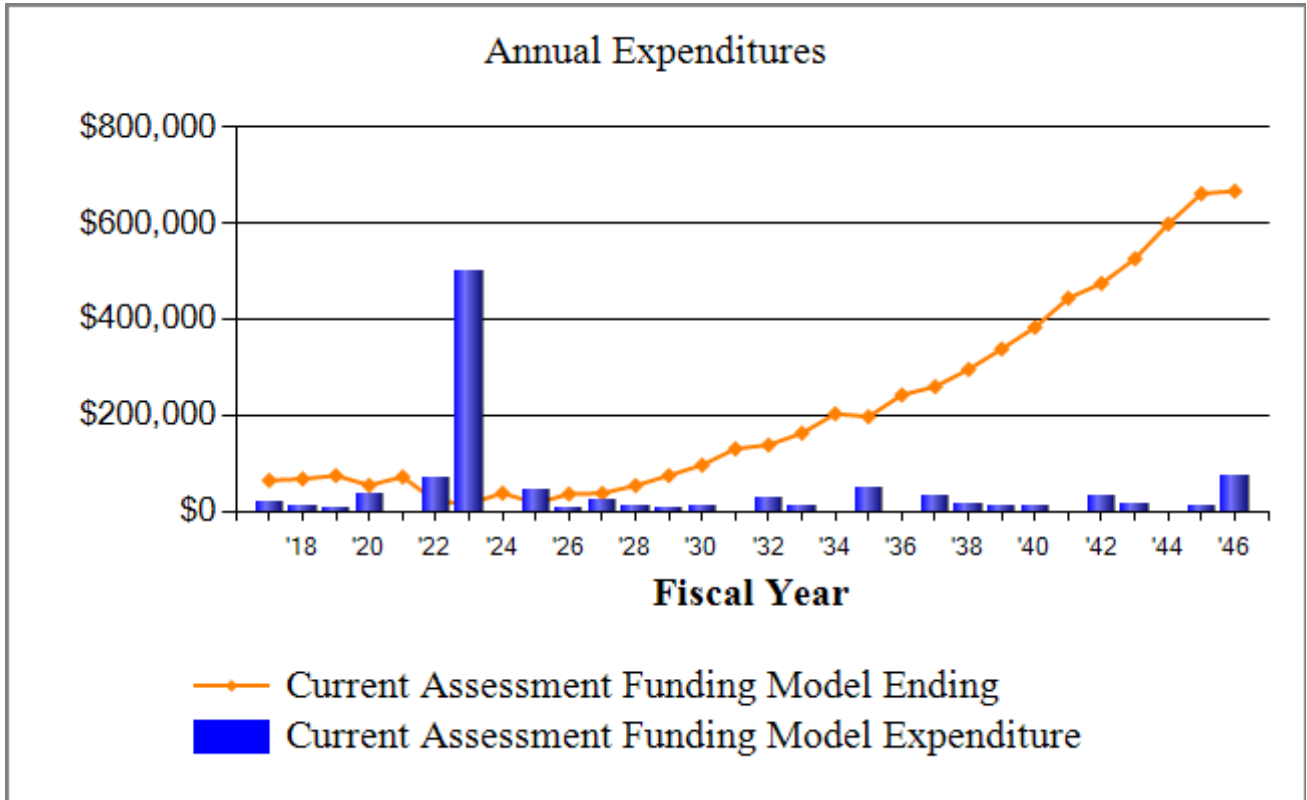
		9,850 sq. ft.	@ \$2.00
Asset ID	1018	Asset Cost	\$9,850.00
	Commons	Percent Replacement	50%
	Painting	Future Cost	\$10,047.00
Placed in Service	June 2013	Assigned Reserves	\$8,208.33
Useful Life	5		
Adjustment	1	Monthly Assessment	\$17.64
Replacement Year	2018	Interest Contribution	<u>\$0.49</u>
Remaining Life	1	Reserve Allocation	\$18.13

This includes all the exterior stained wood flat surfaces of all buildings (trim, belly boards, soffits) and is based on a 2017 limited staining proposal from Allman Painting. Staining has been phased to permit half the staining to be completed in one year with the remainder completed the following year.

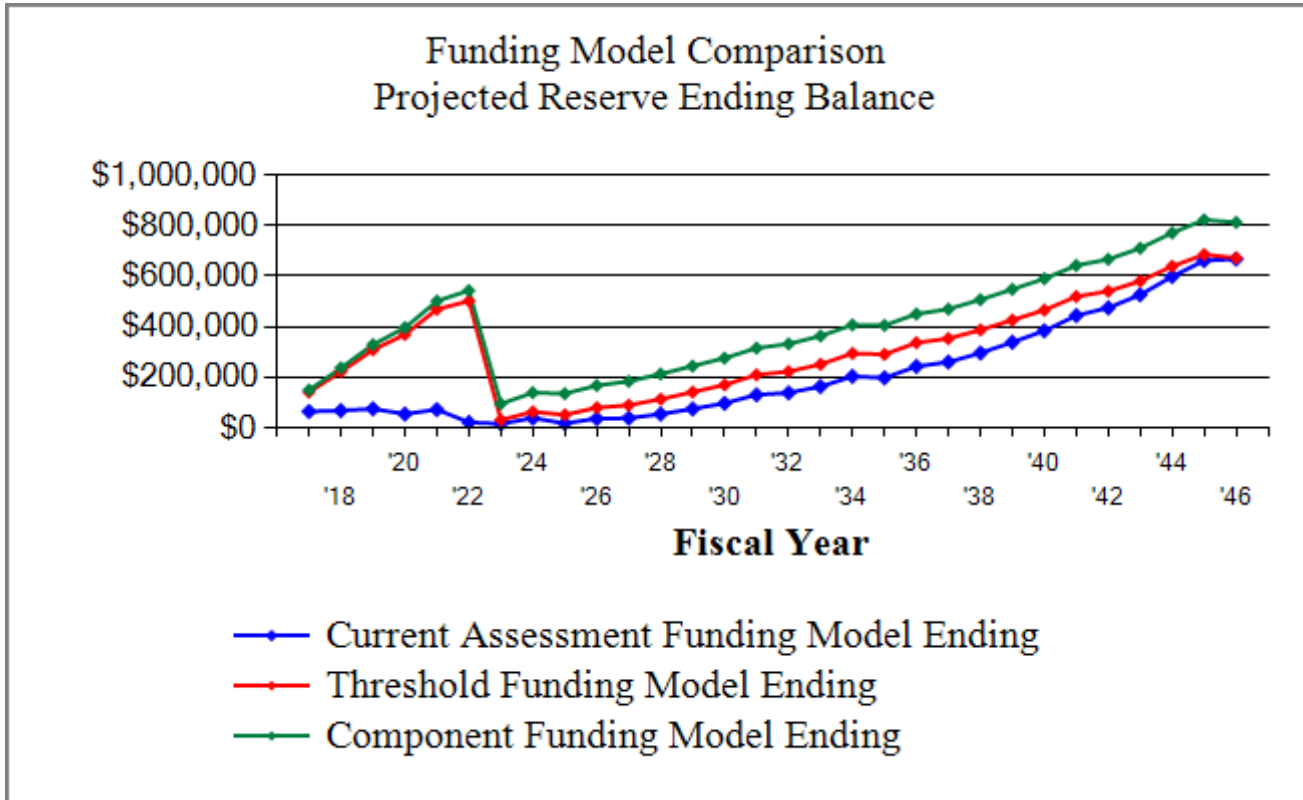
**Charter Ridge Association
RA Category Detail Index**

Asset ID	Description	Replacement	Page
Duplex Units			
1011	Facade Stone Repairs - Duplex	2019	2-8
1013	Facade Stucco Repairs - Duplex	2020	2-9
1015	Painting Exterior - Duplex	2020	2-10
1003	Roofing - Duplex Repairs	2020	2-12
1001	Roofing - Duplex Replacement	2023	2-12
Single Family House			
1012	Facade Stone Repairs - SF	2019	2-9
1014	Facade Stucco Repairs - SF	2020	2-9
1016	Painting Exterior - SF	2020	2-11
1004	Roofing - SF Repairs	2020	2-13
1002	Roofing - SF Replacement	2023	2-13
Commons			
1005	Asphalt - Overlay	2022	2-7
1006	Asphalt - Repairs	2017	2-7
1007	Concrete Flatwork - Repairs	2017	2-8
1019	Gutters, Downspouts, Heat Tapes	2023	2-10
1010	Retaining Walls - Rock - Repair	2026	2-11
1009	Retaining Walls - Timber - Replace	2025	2-11
1018	Staining Exterior - All Bldgs - Phase 1	2017	2-13
1018	Staining Exterior - All Bldgs - Phase 2	2018	2-14
	Total Funded Assets	18	
	Total Unfunded Assets	<u>0</u>	
	Total Assets	18	

**Charter Ridge Association
RA Annual Expenditure Chart**

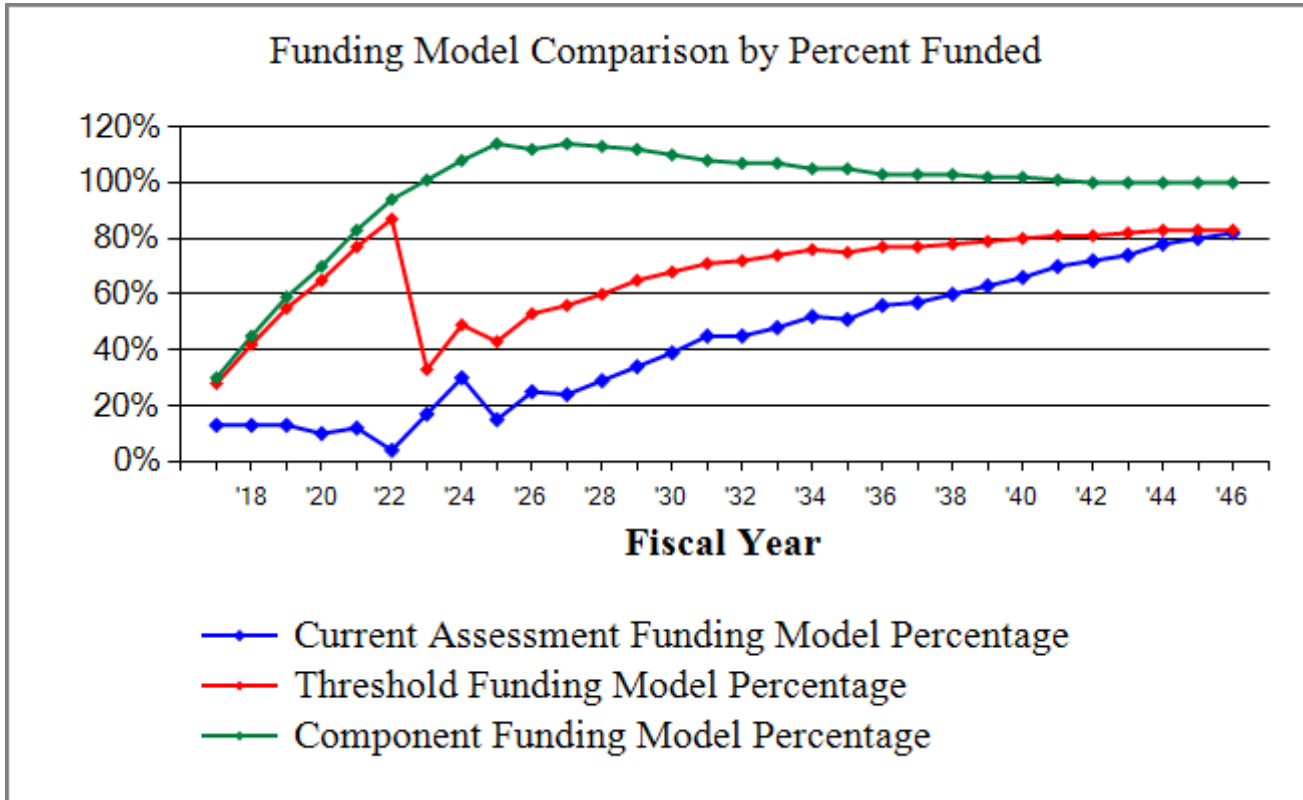


**Charter Ridge Association
RA Funding Model Reserve Ending Balance Comparison Chart**



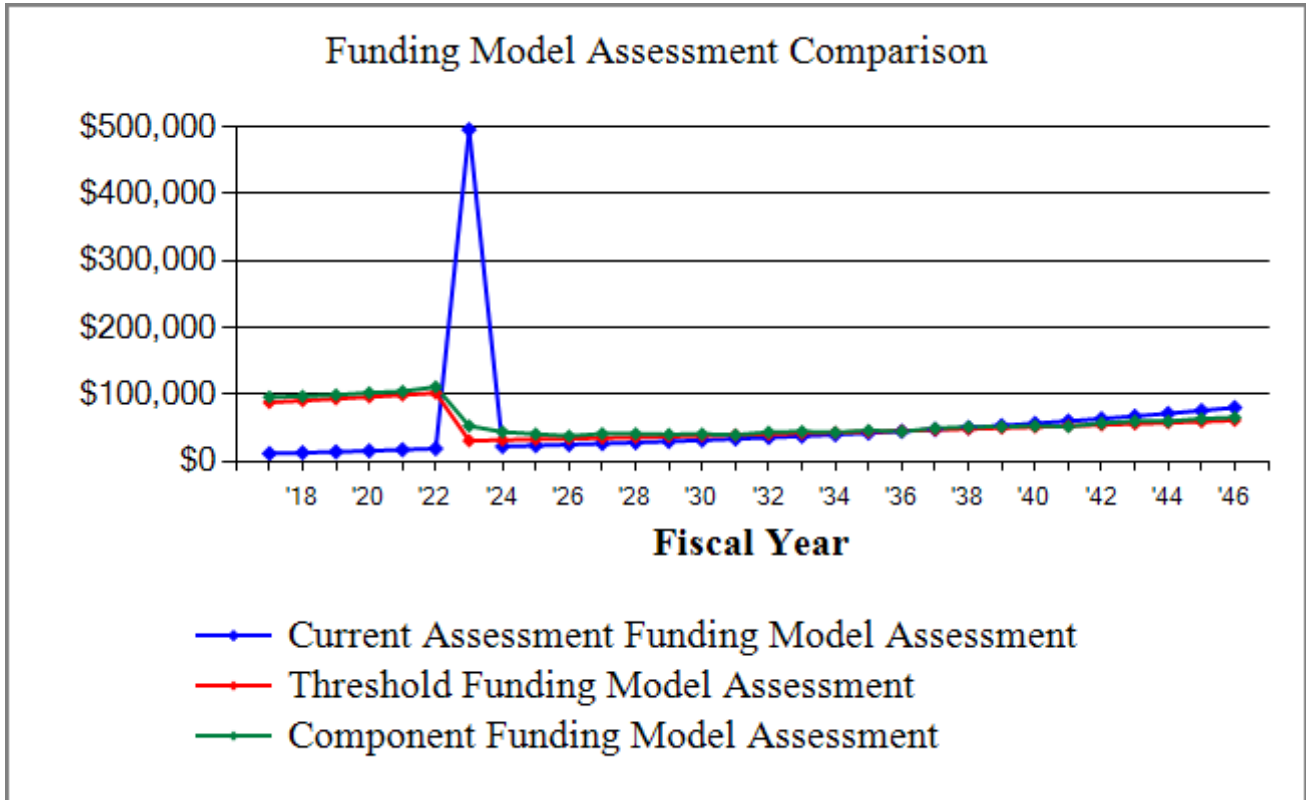
The chart above compares the projected reserve ending balances of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

**Charter Ridge Association
RA Funding Model Comparison by Percent Funded**



The chart above compares the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) by the percentage fully funded over 30 years. This allows your association to view and then choose the funding model that might best fit your community’s needs.

**Charter Ridge Association
RA Funding Model Assessment Comparison Chart**



The chart above compares the annual assessment of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

**Charter Ridge Association
RA Spread Sheet**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Beginning Balance	73,480	64,873	67,977	74,897	54,766	72,257	21,561	16,120	38,516	17,383
Annual Assessment	11,916	13,108	14,418	15,860	17,446	19,191	*496,080	22,377	23,719	25,142
Interest Earned	42	43	48	33	45	9	5	20	5	18
Expenditures	20,565	10,047	7,546	36,025		69,896	501,525		44,857	5,975
Fully Funded Reserves	501,677	529,561	560,861	564,535	606,770	577,327	94,055	129,145	118,511	149,249
Percent Fully Funded	13%	13%	13%	10%	12%	4%	17%	30%	15%	25%
Ending Balance	64,873	67,977	74,897	54,766	72,257	21,561	16,120	38,516	17,383	36,567

Description

Duplex Units

Facade Stone Repairs - Duplex			6,242							
Facade Stucco Repairs - Duplex				2,611					2,882	
Painting Exterior - Duplex				22,973						
Roofing - Duplex Repairs				3,884					4,288	
Roofing - Duplex Replacement							368,897			
Duplex Units Total:			6,242	29,468			368,897		7,171	

Single Family House

Facade Stone Repairs - SF			1,304							
Facade Stucco Repairs - SF				566					624	
Painting Exterior - SF				4,973						
Roofing - SF Repairs				1,019					1,125	
Roofing - SF Replacement							96,760			
Single Family House Total:			1,304	6,557			96,760		1,749	

Commons

Asphalt - Overlay						47,191				
Asphalt - Repairs	5,801					6,404				
Concrete Flatwork - Repairs	4,914					5,425				
Gutters, Downspouts, Heat Tapes							24,776			
Retaining Walls - Rock - Repair										5,975
Retaining Walls - Timber - Replace									35,937	
Staining Exterior - All Bldgs - Phase 1	9,850					10,875				
Staining Exterior - All Bldgs - Phase 2		10,047					11,093			
Commons Total:	20,565	10,047				69,896	35,868		35,937	5,975

**Charter Ridge Association
RA Spread Sheet**

Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Year Total:	<u>20,565</u>	<u>10,047</u>	<u>7,546</u>	<u>36,025</u>	<u>69,896</u>	<u>501,525</u>	<u>44,857</u>	<u>5,975</u>		

**Charter Ridge Association
RA Spread Sheet**

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Beginning Balance	36,567	38,168	54,200	74,989	96,940	130,666	138,739	163,124	203,327	197,444
Annual Assessment	26,651	28,250	29,945	31,742	33,646	35,665	37,805	40,073	42,477	45,026
Interest Earned	18	29	43	58	81	86	102	129	125	155
Expenditures	25,068	12,247	9,199	9,848		27,677	13,522		48,485	
Fully Funded Reserves	161,217	187,613	218,464	249,984	293,241	309,024	340,788	388,202	386,393	436,360
Percent Fully Funded	24%	29%	34%	39%	45%	45%	48%	52%	51%	56%
Ending Balance	38,168	54,200	74,989	96,940	130,666	138,739	163,124	203,327	197,444	242,625

Description

Duplex Units

Facade Stone Repairs - Duplex			7,609							
Facade Stucco Repairs - Duplex				3,182					3,513	
Painting Exterior - Duplex									30,919	
Roofing - Duplex Repairs				4,735					5,227	
Roofing - Duplex Replacement										
Duplex Units Total:			7,609	7,917					39,660	

Single Family House

Facade Stone Repairs - SF			1,589							
Facade Stucco Repairs - SF				689					761	
Painting Exterior - SF									6,693	
Roofing - SF Repairs				1,242					1,371	
Roofing - SF Replacement										
Single Family House Total:			1,589	1,931					8,825	

Commons

Asphalt - Overlay										
Asphalt - Repairs	7,071					7,807				
Concrete Flatwork - Repairs	5,990					6,614				
Gutters, Downspouts, Heat Tapes										
Retaining Walls - Rock - Repair										
Retaining Walls - Timber - Replace										
Staining Exterior - All Bldgs - Phase 1	12,007					13,257				
Staining Exterior - All Bldgs - Phase 2		12,247					13,522			
Commons Total:	25,068	12,247				27,677	13,522			

**Charter Ridge Association
RA Spread Sheet**

Description	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Year Total:	<u>25,068</u>	<u>12,247</u>	<u>9,199</u>	<u>9,848</u>	<u>27,677</u>	<u>13,522</u>	<u>48,485</u>			

**Charter Ridge Association
RA Spread Sheet**

	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Beginning Balance	242,625	259,961	295,814	338,447	383,536	444,083	474,526	526,091	598,252	661,506
Annual Assessment	47,728	50,591	53,627	56,844	60,255	63,870	67,702	71,765	76,070	80,635
Interest Earned	167	191	220	250	291	312	346	396	438	441
Expenditures	30,558	14,929	11,213	12,005		33,739	16,483		13,254	75,903
Fully Funded Reserves	456,038	493,405	536,306	580,129	638,367	663,224	707,675	771,318	823,286	811,425
Percent Fully Funded	57%	60%	63%	66%	70%	72%	74%	78%	80%	82%
Ending Balance	259,961	295,814	338,447	383,536	444,083	474,526	526,091	598,252	661,506	666,678

Description

Duplex Units

Facade Stone Repairs - Duplex			9,276							
Facade Stucco Repairs - Duplex				3,879					4,283	
Painting Exterior - Duplex										
Roofing - Duplex Repairs				5,771					6,372	
Roofing - Duplex Replacement										
Duplex Units Total:			9,276	9,651					10,655	

Single Family House

Facade Stone Repairs - SF			1,937							
Facade Stucco Repairs - SF				840					928	
Painting Exterior - SF										
Roofing - SF Repairs				1,514					1,671	
Roofing - SF Replacement										
Single Family House Total:			1,937	2,354					2,599	

Commons

Asphalt - Overlay										75,903
Asphalt - Repairs	8,620					9,517				
Concrete Flatwork - Repairs	7,302					8,062				
Gutters, Downspouts, Heat Tapes										
Retaining Walls - Rock - Repair										
Retaining Walls - Timber - Replace										
Staining Exterior - All Bldgs - Phase 1	14,637					16,160				
Staining Exterior - All Bldgs - Phase 2		14,929					16,483			
Commons Total:	30,558	14,929				33,739	16,483			75,903

**Charter Ridge Association
RA Spread Sheet**

Description	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Year Total:	30,558	14,929	11,213	12,005		33,739	16,483		13,254	75,903