Reserve Analysis Report

Colony Biltmore Greens

Phoenix, Arizona

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Colony Biltmore Greens

Table of Contents

Preface

This preface is intended to provide an introduction to the enclosed reserve analysis as well as detailed information regarding the reserve analysis report format, reserve fund goals/objectives and calculation methods. The following sections are included in this preface:

♦ ♦ ♦ ♦ INTRODUCTION TO RESERVE BUDGETING ♦ ♦ ♦ ♦

The Board of Directors of an association has a legal and fiduciary duty to maintain the community in a good state of repair. Individual unit property values are significantly impacted by the level of maintenance and upkeep provided by the association as well as the amount of the regular assessment charged to each owner.

A prudent plan must be implemented to address the issues of long-range maintenance, repair and replacement of the common areas. Additionally, the plan should recognize that the value of each unit is affected by the amount of the regular assessment charged to each unit.

There is a fine line between “not enough,” “just right” and “too much.” Each member of an association should contribute to the reserve fund for their proportionate amount of “depreciation” (or “use”) of the reserve components. Through time, if each owner contributes his “fair share” into the reserve fund for the depreciation of the reserve components, then the possibility of large increases in regular assessments or special assessments will be minimized.

An accurate reserve analysis and a “healthy” reserve fund are essential to protect and maintain the association's common areas and the property values of the individual unit owners. A comprehensive reserve analysis is one of the most significant elements of any association's long-range plan and provides the critical link between sound business judgment and good fiscal planning. The reserve analysis provides a “financial blueprint” for the future of an association.

♦ ♦ ♦ ♦ UNDERSTANDING THE RESERVE ANALYSIS ♦ ♦ ♦ ♦

In order for the reserve analysis to be useful, it must be understandable by a variety of individuals. Board members (from seasoned, experienced Board members to new Board members), property managers, accountants, attorneys and even homeowners may ultimately review the reserve analysis. The reserve analysis must be detailed enough to provide a comprehensive analysis, yet simple enough to enable less experienced individuals to understand the results.

There are four key bits of information that a comprehensive reserve analysis should provide: Budget, Percent Funded, Projections and Inventory. This information is described as follows:

Budget
Amount recommended to be transferred into the reserve account for the fiscal year for which the reserve analysis was prepared. In some cases, the reserve analysis may present two or more funding plans based on different goals/objectives. The Board should have a clear understanding of the differences among these funding goals/objectives prior to implementing one of them in the annual budget.

Percent Funded
Measure of the reserve fund “health” (expressed as a percentage) as of the beginning of the fiscal year for which the

reserve analysis was prepared. This figure is the ratio of the actual reserve fund on hand to the fully funded balance. A reserve fund that is "100% funded" means the association has accumulated the proportionately correct amount of money, to date, for the reserve components it maintains.

Projections
Indicate the "level of service" the association will provide the membership as well as a "road map" for the fiscal future of the association. The projections define the timetables for repairs and replacements, such as when the buildings will be painted or when the asphalt will be seal coated. The projections also show the financial plan for the association – when an underfunded association will "catch up" or how a properly funded association will remain fiscally "healthy."

Inventory
Complete listing of the reserve components. Key bits of information are available for each reserve component, including placed-in-service date, useful life, remaining life, replacement year, quantity, current cost of replacement, future cost of replacement and analyst's comments.

♦ ♦ ♦ ♦ RESERVE FUNDING GOALS / OBJECTIVES ♦ ♦ ♦ ♦

There are four reserve funding goals/objectives which may be used to develop a reserve funding plan that corresponds with the risk tolerance of the association: Full Funding, Baseline Funding, Threshold Funding and Statutory Funding. These goals/objectives are described as follows:

Full Funding
Describes the goal/objective to have reserves on hand equivalent to the value of the deterioration of each reserve component. The objective of this funding goal is to achieve and/or maintain a 100% percent funded reserve fund. The component calculation method or cash flow calculation method is typically used to develop a full funding plan.

Baseline Funding
Describes the goal/objective to have sufficient reserves on hand to never completely run out of money. The objective of this funding goal is to simply pay for all reserve expenses as they come due without regard to the association's percent funded. The cash flow calculation method is typically used to develop a baseline funding plan.

Threshold Funding
Describes the goal/objective other than the 100% level (full funding) or just staying cash-positive (baseline funding). This threshold goal/objective may be a specific percent funded target or a cash balance target. Threshold funding is often a value chosen between full funding and baseline funding. The cash flow calculation method is typically used to develop a threshold funding plan.

Statutory Funding
Describes the pursuit of an objective as described or required by local laws or codes. The component calculation method or cash flow calculation method is typically used to develop a statutory funding plan.

♦ ♦ ♦ ♦ RESERVE FUNDING CALCULATION METHODS ♦ ♦ ♦ ♦

There are two funding methods which can be used to develop a reserve funding plan based on a reserve funding goal/objective: Component Calculation Method and Cash Flow Calculation Method. These calculation methods are described as follows:

Component Calculation Method
This calculation method develops a funding plan for each individual reserve component. The sum of the funding plan for each component equals the total funding plan for the association. This method is often referred to as the "straight line"

method and is widely believed to be the most conservative reserve funding method. This method structures a funding plan that enables the association to pay all reserve expenditures as they come due, enables the association to achieve the ideal level of reserves in time, and then enables the association to maintain the ideal level of reserves through time. The following is a detailed description of the component calculation method:

Step 1: Calculation of fully funded balance for each component

The fully funded balance is calculated for each component based on its age, useful life and current cost. The actual formula is as follows:

$$\text{Fully Funded Balance} = \frac{\text{Age}}{\text{Useful Life}} \text{ X Current Cost}$$

Step 2: Distribution of current reserve funds

The association's current reserve funds are assigned to (or distributed amongst) the reserve components based on each component's remaining life and fully funded balance as follows:

Pass 1: Components are organized in remaining life order, from least to greatest, and the current reserve funds are assigned to each component up to its fully funded balance, until reserves are exhausted.

Pass 2: If all components are assigned their fully funded balance and additional funds exist, they are assigned in a "second pass." Again, the components are organized in remaining life order, from least to greatest, and the remaining current reserve funds are assigned to each component up to its current cost, until reserves are exhausted.

Pass 3: If all components are assigned their current cost and additional funds exist, they are assigned in a "third pass." Components with a remaining life of zero years are assigned double their current cost.

Distributing, or assigning, the current reserve funds in this manner is the most efficient use of the funds on hand – it defers the make-up period of any underfunded reserves over the lives of the components with the largest remaining lives.

Step 3: Developing a funding plan

After step 2, all components have a "starting" balance. A calculation is made to determine what funding would be required to get from the starting balance to the future cost over the number of years remaining until replacement. The funding plan incorporates the annual contribution increase parameter to develop a "stair stepped" contribution.

For example, if an association needs to accumulate $100,000 in ten years, $10,000 could be contributed each year. Alternatively, the association could contribute $8,723 in the first year and increase the contribution by 3% each year thereafter until the tenth year.

In most cases, this rate should match the inflation parameter. Matching the annual contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

Using an annual contribution increase parameter that is greater than the inflation parameter will reduce the burden to the current membership at the expense of the future membership. Using an annual contribution increase parameter that is less than the inflation parameter will increase the burden to the current membership to the benefit of the future membership. The following chart shows a comparison:

	0% Increase	3% Increase	10% Increase
Year 1	$10,000.00	$8,723.05	$6,274.54
Year 2	$10,000.00	$8,984.74	$6,901.99
Year 3	$10,000.00	$9,254.28	$7,592.19
Year 4	$10,000.00	$9,531.91	$8,351.41
Year 5	$10,000.00	$9,817.87	$9,186.55
Year 6	$10,000.00	$10,112.41	$10,105.21
Year 7	$10,000.00	$10,415.78	$11,115.73
Year 8	$10,000.00	$10,728.25	$12,227.30
Year 9	$10,000.00	$11,050.10	$13,450.03
Year 10	$10,000.00	$11,381.60	$14,795.04
TOTAL	$100,000.00	$100,000.00	$100,000.00

This parameter is used to develop a funding plan only; it does not necessarily mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a total reserve contribution increase or decrease from year to year than this parameter.

One of the major benefits of using this calculation method is that for any single component (or group of components), the accumulated balance and reserve funding can be precisely calculated. For example, using this calculation method, the reserve analysis can indicate the exact amount of current reserve funds "in the bank" for the roofs and the amount of money being funded towards the roofs each month. This information is displayed on the Management / Accounting Summary and Charts as well as elsewhere within the report.

Cash Flow Calculation Method

This calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due, but is not necessarily concerned with the ideal level of reserves through time.

This calculation method tests reserve contributions against reserve expenditures through time to determine the minimum contribution necessary (baseline funding) or some other defined goal/objective (full funding, threshold funding or statutory funding). Unlike the component calculation method, this calculation method cannot precisely calculate the reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component method results to calculate a reasonable breakdown. This information is displayed on the Management / Accounting Summary and Charts as well as elsewhere within the report.

The **Directed Cash Flow Calculation Method** is our primary calculation method. It allows for several funding strategies to be manually tested until the optimal funding strategy accomplishing three goals is created:

Goal #1: Ensures that all scheduled reserve expenditures are covered by keeping the reserve cash balance above zero during the projected period (typically 30 years)

Goal #2: Uniformly distributes the costs of replacements over time to benefit both current & future members of the association by using consistent, incremental contribution increases

Goal #3: Provides for the lowest reserve funding recommendation as possible over time with the goal of approaching, reaching and/or maintaining a 100% fully funded reserve balance

These very important aspects of the **Directed Cash Flow Calculation Method** will greatly aid the board of directors during the annual budgeting process.

Preface

♦ ♦ ♦ ♦ READING THE RESERVE ANALYSIS ♦ ♦ ♦ ♦

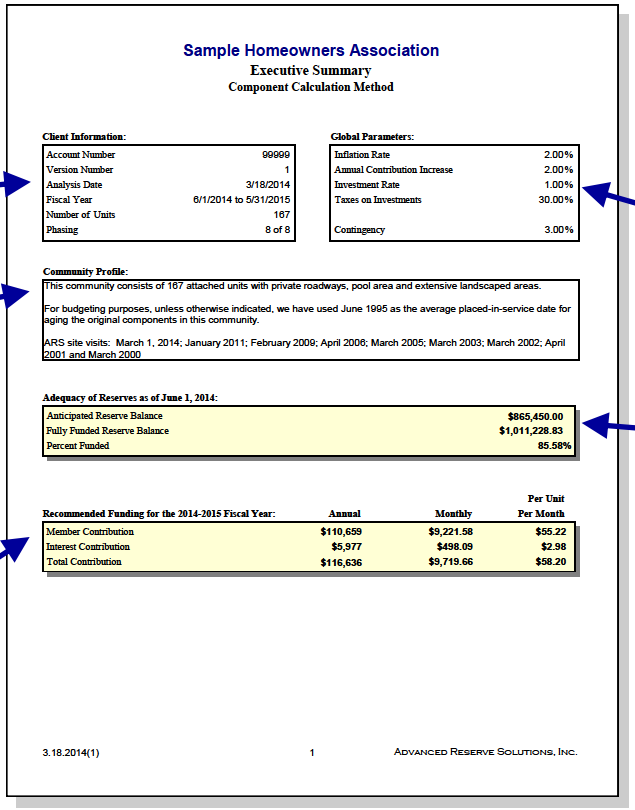
In some cases, the reserve analysis may be a lengthy document of one hundred pages or more. A complete and thorough review of the reserve analysis is always a good idea. However, if time is limited, it is suggested that a thorough review of the summary pages be made. If a "red flag" is raised in this review, the reader should then check the detail information, of the component in question, for all relevant information. In this section, a description of most of the summary or report sections is provided along with comments regarding what to look for and how to use each section.

Executive Summary

Provides general information about the client, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

Client Information
Provides various client information including fiscal year for which the reserve analysis was prepared, number of units, phasing, etc.

Global Parameters
Displays the calculation parameters that were used to calculate the reserve analysis including inflation, annual contribution increase, investment rate, tax rate and contingency.



Sample Homeowners Association
Executive Summary
Component Calculation Method

Client Information:

Account Number	99999
Version Number	1
Analysis Date	3/18/2014
Fiscal Year	6/1/2014 to 5/31/2015
Number of Units	167
Phasing	8 of 8

Global Parameters:

Inflation Rate	2.00%
Annual Contribution Increase	2.00%
Investment Rate	1.00%
Taxes on Investments	30.00%
Contingency	3.00%

Community Profile:

This community consists of 167 attached units with private roadways, pool area and extensive landscaped areas.

For budgeting purposes, unless otherwise indicated, we have used June 1995 as the average placed-in-service date for aging the original components in this community.

ARS site visits: March 1, 2014; January 2011; February 2009; April 2006; March 2005; March 2003; March 2002; April 2001 and March 2000

Adequacy of Reserves as of June 1, 2014:

Anticipated Reserve Balance	$865,450.00
Fully Funded Reserve Balance	$1,011,228.83
Percent Funded	85.58%

Recommended Funding for the 2014-2015 Fiscal Year:	Annual	Monthly	Per Unit Per Month
Member Contribution	$110,659	$9,221.58	$55.22
Interest Contribution	$5,977	$498.09	$2.98
Total Contribution	$116,636	$9,719.66	$58.20

3.18.2014(1) 1 Advanced Reserve Solutions, Inc.

Community Profile
Provides brief description of the community, as well as other "global" type comments.

Budget
Provides recommended funding for the fiscal year for which the reserve analysis was prepared. Indicates the reserve funding from the membership, anticipated interest contribution and the total contribution

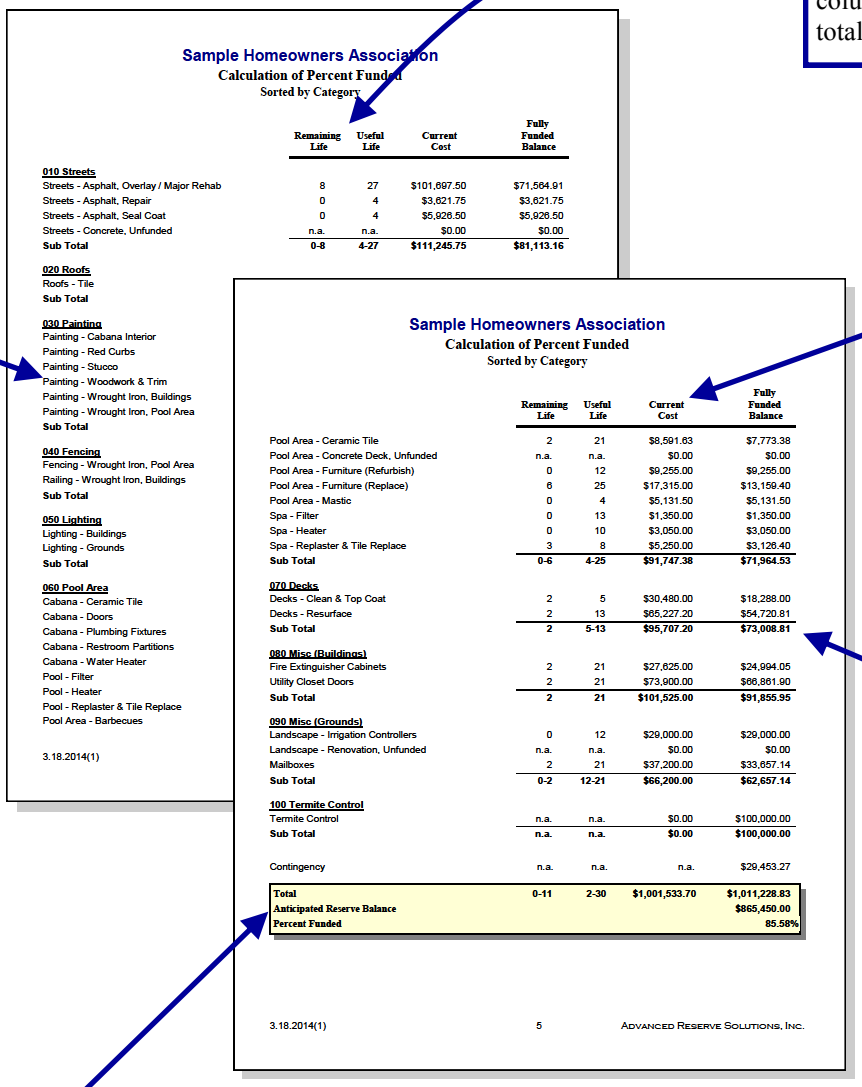
Adequacy of Reserves
Displays the results of calculations with regard to the "health" of the reserve fund as of the beginning of the fiscal year for which the reserve analysis was prepared. Provides the anticipated reserve balance, fully funded reserve balance and the percent funded.

Calculation of Percent Funded

Summary displays all reserve components, shown here in "category" order. Provides the remaining life, useful life, current cost and the fully funded balance at the beginning of the fiscal year for which the reserve analysis was prepared.

Lifespans
Remaining life and useful life are displayed. And, these columns are conveniently sub totaled to show range.

Reserve Components
All components are displayed (shown here in "category" order).



Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	8	27	$101,697.50	$71,564.91
Streets - Asphalt, Repair	0	4	$3,621.75	$3,621.75
Streets - Asphalt, Seal Coat	0	4	$5,926.50	$5,926.50
Streets - Concrete, Unfunded	n.a.	n.a.	$0.00	$0.00
Sub Total	**0-8**	**4-27**	**$111,245.75**	**$81,113.16**
020 Roofs				
Roofs - Tile				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Grounds				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				
Pool - Heater				
Pool - Replaster & Tile Replace				
Pool Area - Barbecues				

3.18.2014(1)

Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Pool Area - Ceramic Tile	2	21	$8,591.63	$7,773.38
Pool Area - Concrete Deck, Unfunded	n.a.	n.a.	$0.00	$0.00
Pool Area - Furniture (Refurbish)	0	12	$9,255.00	$9,255.00
Pool Area - Furniture (Replace)	6	25	$17,315.00	$13,159.40
Pool Area - Mastic	0	4	$5,131.50	$5,131.50
Spa - Filter	0	13	$1,350.00	$1,350.00
Spa - Heater	0	10	$3,050.00	$3,050.00
Spa - Replaster & Tile Replace	3	8	$5,250.00	$3,126.40
Sub Total	**0-6**	**4-25**	**$91,747.38**	**$71,964.53**
070 Decks				
Decks - Clean & Top Coat	2	5	$30,480.00	$18,288.00
Decks - Resurface	2	13	$65,227.20	$54,720.81
Sub Total	**2**	**5-13**	**$95,707.20**	**$73,008.81**
080 Misc (Buildings)				
Fire Extinguisher Cabinets	2	21	$27,625.00	$24,994.05
Utility Closet Doors	2	21	$73,900.00	$66,861.90
Sub Total	**2**	**21**	**$101,525.00**	**$91,855.95**
090 Misc (Grounds)				
Landscape - Irrigation Controllers	0	12	$29,000.00	$29,000.00
Landscape - Renovation, Unfunded	n.a.	n.a.	$0.00	$0.00
Mailboxes	2	21	$37,200.00	$33,657.14
Sub Total	**0-2**	**12-21**	**$66,200.00**	**$62,657.14**
100 Termite Control				
Termite Control	n.a.	n.a.	$0.00	$100,000.00
Sub Total	**n.a.**	**n.a.**	**$0.00**	**$100,000.00**
Contingency	n.a.	n.a.	n.a.	$29,453.27
Total	**0-11**	**2-30**	**$1,001,533.70**	**$1,011,228.83**
Anticipated Reserve Balance				**$865,450.00**
Percent Funded				**85.58%**

3.18.2014(1) 5 Advanced Reserve Solutions, Inc.

Current Cost
Displays the current cost to replace or otherwise maintain each component. This column is conveniently sub totaled.

Fully Funded Balance
Displays the fully funded balance for each component. This column is conveniently sub totaled.

The total current cost to replace or otherwise maintain all components, total fully funded balance, anticipated reserve balance and percent funded are provided at the bottom of this summary. Also shown is the range of reserve component remaining lives and useful lives.

Preface

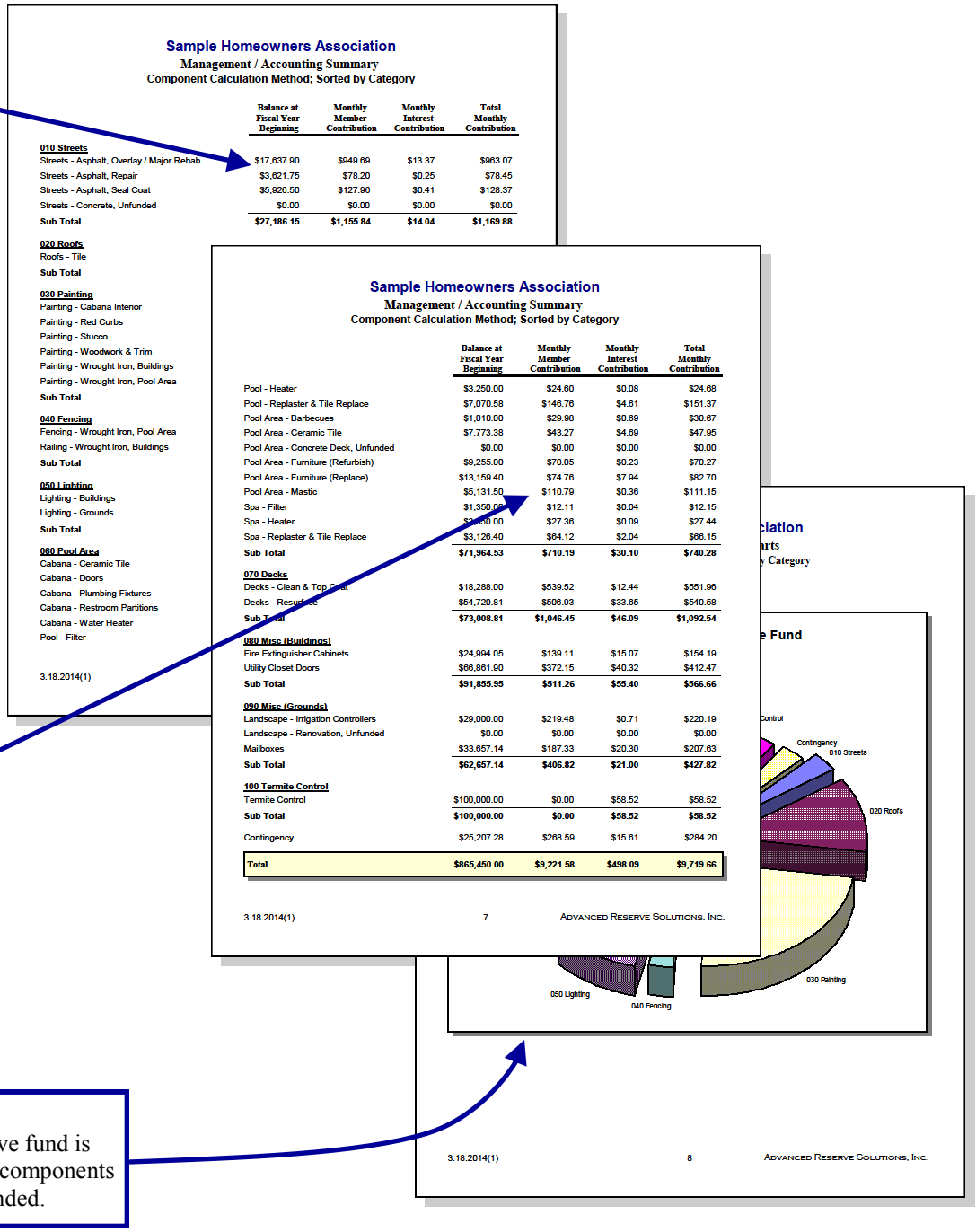
Management / Accounting Summary and Charts

Summary displays all reserve components, shown here in "category" order. Provides the assigned reserve funds at the beginning of the fiscal year for which the reserve analysis was prepared along with the monthly member contribution, interest contribution and total contribution for each component and category. Pie charts show graphically how the total reserve fund is distributed amongst the reserve component categories and how each category is funded on a monthly basis.

Balance at FYB
Shows the amount of reserve funds assigned to each reserve component. And, this column is conveniently sub totaled.

Monthly Funding
Displays the monthly funding for each component from the members and interest. Total monthly funding is also indicated. And, these columns are conveniently sub totaled.

Pie Charts
Show graphically how the reserve fund is distributed amongst the reserve components and how the components are funded.



Sample Homeowners Association
Management / Accounting Summary
Component Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	$17,637.90	$949.69	$13.37	$963.07
Streets - Asphalt, Repair	$3,621.75	$78.20	$0.25	$78.45
Streets - Asphalt, Seal Coat	$5,926.50	$127.96	$0.41	$128.37
Streets - Concrete, Unfunded	$0.00	$0.00	$0.00	$0.00
Sub Total	**$27,186.15**	**$1,155.84**	**$14.04**	**$1,169.88**
020 Roofs				
Roofs - Tile				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Grounds				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				

3.18.2014(1)

Sample Homeowners Association
Management / Accounting Summary
Component Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Pool - Heater	$3,250.00	$24.60	$0.08	$24.68
Pool - Replaster & Tile Replace	$7,070.58	$146.76	$4.61	$151.37
Pool Area - Barbecues	$1,010.00	$29.98	$0.69	$30.67
Pool Area - Ceramic Tile	$7,773.38	$43.27	$4.69	$47.95
Pool Area - Concrete Deck, Unfunded	$0.00	$0.00	$0.00	$0.00
Pool Area - Furniture (Refurbish)	$9,255.00	$70.05	$0.23	$70.27
Pool Area - Furniture (Replace)	$13,159.40	$74.76	$7.94	$82.70
Pool Area - Mastic	$5,131.50	$110.79	$0.36	$111.15
Spa - Filter	$1,350.00	$12.11	$0.04	$12.15
Spa - Heater	$3,050.00	$27.36	$0.09	$27.44
Spa - Replaster & Tile Replace	$3,126.40	$64.12	$2.04	$66.15
Sub Total	**$71,964.53**	**$710.19**	**$30.10**	**$740.28**
070 Decks				
Decks - Clean & Top Coat	$18,288.00	$539.52	$12.44	$551.96
Decks - Resurface	$54,720.81	$506.93	$33.65	$540.58
Sub Total	**$73,008.81**	**$1,046.45**	**$46.09**	**$1,092.54**
080 Misc (Buildings)				
Fire Extinguisher Cabinets	$24,994.05	$139.11	$15.07	$154.19
Utility Closet Doors	$66,861.90	$372.15	$40.32	$412.47
Sub Total	**$91,855.95**	**$511.26**	**$55.40**	**$566.66**
090 Misc (Grounds)				
Landscape - Irrigation Controllers	$29,000.00	$219.48	$0.71	$220.19
Landscape - Renovation, Unfunded	$0.00	$0.00	$0.00	$0.00
Mailboxes	$33,657.14	$187.33	$20.30	$207.63
Sub Total	**$62,657.14**	**$406.82**	**$21.00**	**$427.82**
100 Termite Control				
Termite Control	$100,000.00	$0.00	$58.52	$58.52
Sub Total	**$100,000.00**	**$0.00**	**$58.52**	**$58.52**
Contingency	$25,207.28	$268.59	$15.61	$284.20
Total	**$865,450.00**	**$9,221.58**	**$498.09**	**$9,719.66**

3.18.2014(1) 7 Advanced Reserve Solutions, Inc.

Fund

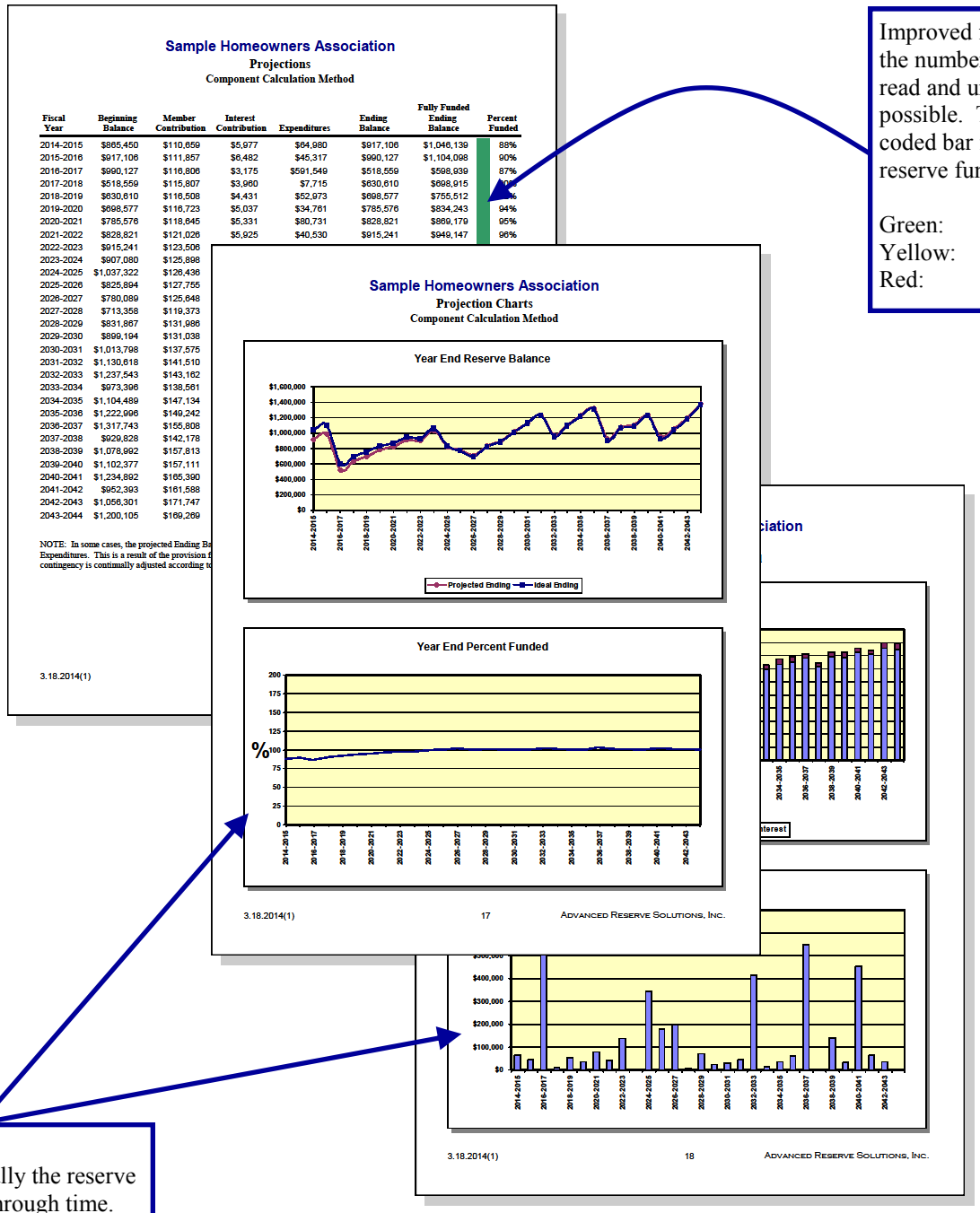
Control
Contingency
010 Streets
020 Roofs
030 Painting
040 Fencing
050 Lighting

3.18.2014(1) 8 Advanced Reserve Solutions, Inc.

Preface

Projections and Charts

Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of the projection period (shown here for 30 years). The two columns on the right-hand side provide the fully funded ending balance and the percent funded for each year. Charts show the same information in an easy-to-understand graphic format.



Improved format makes the numbers as easy to read and understand as possible. The color-coded bar indicates the reserve fund status:

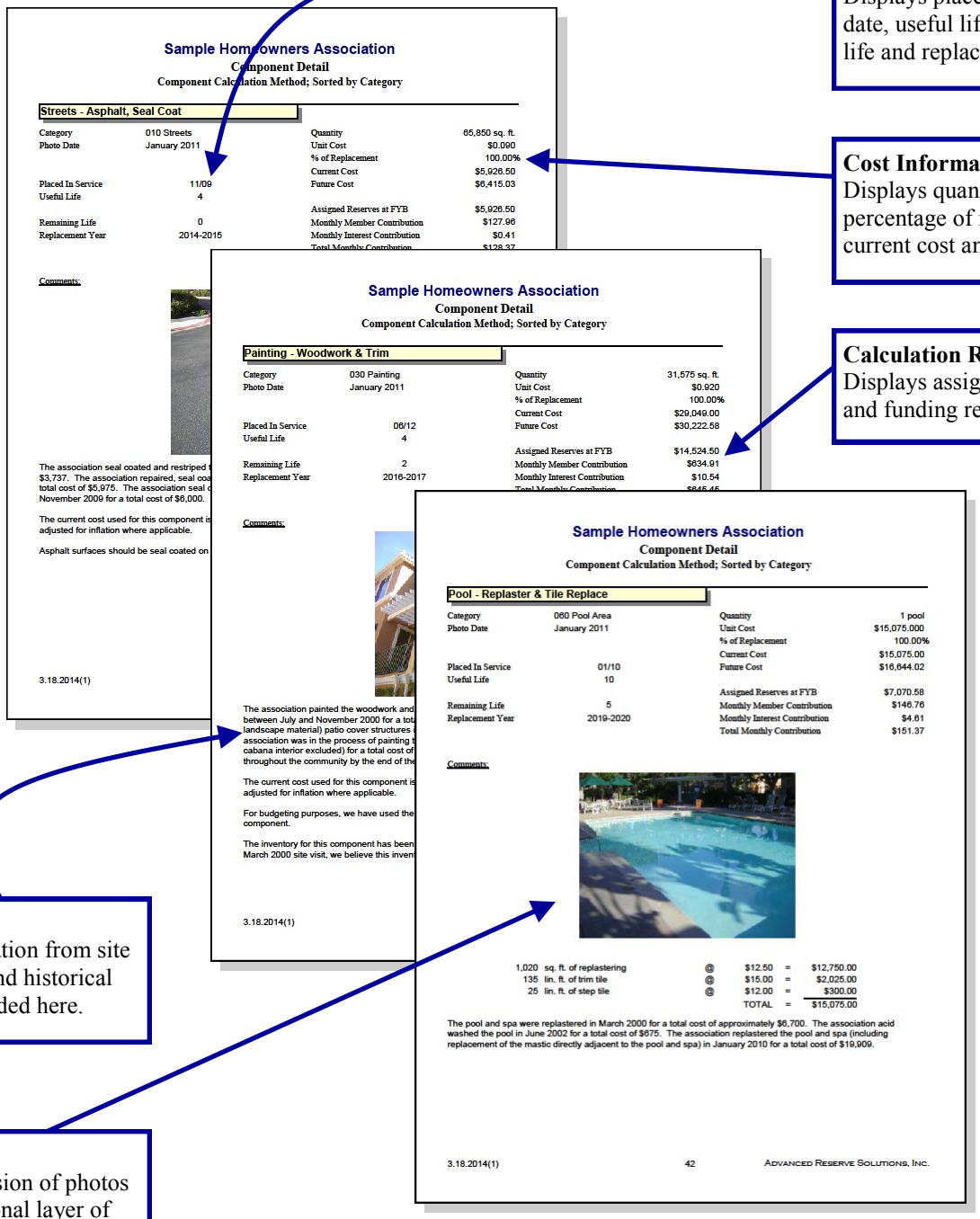
Green: Good
Yellow: Fair
Red: Poor

Charts
Show graphically the reserve funding plan through time.

Preface

Component Detail

Summary provides detailed information about each reserve component. These pages display all information about each reserve component as well as comments from site observations and historical information regarding replacement or other maintenance.



Lifespan Information
Displays placed-in-service date, useful life, remaining life and replacement year.

Cost Information
Displays quantity, unit cost, percentage of replacement, current cost and future cost.

Calculation Results
Displays assigned reserves and funding requirements.

Comments
Useful information from site observations and historical expenses included here.

Photos
Optional inclusion of photos adds an additional layer of detail to the reserve analysis.

Preface

♦ ♦ ♦ ♦ GLOSSARY OF KEY TERMS ♦ ♦ ♦ ♦

Annual Contribution Increase Parameter
The rate used in the calculation of the funding plan. This rate is used on an annual compounding basis. This rate represents, in theory, the rate the association expects to increase contributions each year.

In most cases, this rate should match the inflation parameter. Matching the annual contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

This parameter is used to develop a funding plan only; it does not necessarily mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a total reserve contribution increase or decrease from year to year than this parameter. See the description of "reserve funding calculation methods" in this preface for more detail on this parameter.

Anticipated Reserve Balance (or Reserve Funds)
The amount of money, as of a certain point in time, held by the association to be used for the repair or replacement of reserve components. This figure is "anticipated" because it is calculated based on the most current financial information available as of the analysis date, which is almost always prior to the fiscal year beginning date for which the reserve analysis is prepared.

Assigned Funds (and "Fixed" Assigned Funds)
The amount of money, as of the fiscal year beginning date for which the reserve analysis is prepared, that a reserve component has been assigned.

The assigned funds are considered "fixed" when the normal calculation process is bypassed and a specific amount of money is assigned to a reserve component. For example, if the normal calculation process assigns $10,000 to the roofs, but the association would like to show $20,000 assigned to roofs, "fixed" funds of $20,000 can be assigned.

Cash Flow Calculation Method
Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

Component Calculation Method
Reserve funding calculation method developed based on each individual component. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

Contingency Parameter
The rate used as a built-in buffer in the calculation of the funding plan. This rate will assign a percentage of the reserve funds, as of the fiscal year beginning, as contingency funds and will also determine the level of funding toward the contingency each month.

Current Replacement Cost
The amount of money, as of the fiscal year beginning date for which the reserve analysis is prepared, that a reserve component is expected to cost to replace.

Fiscal Year
Indicates the budget year for the association for which the reserve analysis was prepared. The fiscal year beginning (FYB) is the first day of the budget year; the fiscal year end (FYE) is the last day of the budget year.

Fully Funded Reserve Balance (or Ideal Reserves)
The amount of money that should theoretically have accumulated in the reserve fund as of a certain point in time. Fully funded reserves are calculated for each reserve component based on the current replacement cost, age and useful life:

$$\text{Fully Funded Reserves} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

The fully funded reserve balance is the sum of the fully funded reserves for each reserve component.

An association that has accumulated the fully funded reserve balance does not have all of the funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve components it maintains, based on each component's current replacement cost, age and useful life.

Future Replacement Cost
The amount of money, as of the fiscal year during which replacement of a reserve component is scheduled, that a reserve component is expected to cost to replace. This cost is calculated using the current replacement cost compounded annually by the inflation parameter.

Global Parameters
The financial parameters used to calculate the reserve analysis. See also "inflation parameter," "annual contribution increase parameter," "investment rate parameter" and "taxes on investments parameter."

Inflation Parameter
The rate used in the calculation of future costs for reserve components. This rate is used on an annual compounding basis. This rate represents the rate the association expects the cost of goods and services relating to their reserve components to increase each year.

Interest Contribution
The amount of money contributed to the reserve fund by the interest earned on the reserve fund and member contributions.

Investment Rate Parameter
The gross rate used in the calculation of interest contribution (interest earned) from the reserve balance and member contributions. This rate (net of the taxes on investments parameter) is used on a monthly compounding basis. This parameter represents the weighted average interest rate the association expects to earn on their reserve fund investments.

Membership Contribution
The amount of money contributed to the reserve fund by the association's membership.

Monthly Contribution (and "Fixed" Monthly Contribution)
The amount of money, for the fiscal year which the reserve analysis is prepared, that a reserve component will be funded.

The monthly contribution is considered "fixed" when the normal calculation process is bypassed and a specific amount of money is funded to a reserve component. For example, if the normal calculation process funds $1,000 to the roofs each month, but the association would like to show $500 funded to roofs each month, a "fixed" contribution of $500 can be assigned.

Number of Units (or other assessment basis)
Indicates the number of units for which the reserve analysis was prepared. In "phased" developments (see phasing), this number represents the number of units, and corresponding common area components, that existed as of a certain point in time.

For some associations, assessments and reserve contributions are based on a unit of measure other than the number of units. Examples include time-interval weeks for timeshare resorts or lot acreage for commercial/industrial developments.

One-Time Replacement
Used for components that will be budgeted for only once.

Percent Funded
A measure, expressed as a percentage, of the association's reserve fund "health" as of a certain point in time. This number is the ratio of the anticipated reserve fund balance to the fully funded reserve balance:

$$\text{Percent Funded} = \frac{\text{Anticipated Reserve Fund Balance}}{\text{Fully Funded Reserve Balance}}$$

An association that is 100% funded does not have all of the reserve funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve components it maintains, based on each component's current replacement cost, age and useful life.

Percentage of Replacement
The percentage of the reserve component that is expected to be replaced.

For most reserve components, this percentage should be 100%. In some cases, this percentage may be more or less than 100%. For example, fencing which is shared with a neighboring community may be set at 50%.

Phasing
Indicates the number of phases for which the reserve analysis was prepared and the total number of phases expected at build-out (i.e. Phase 4 of 7). In phased developments, the first number represents the number of phases, and corresponding common area components, that existed as of a certain point in time. The second number represents the number of phases that are expected to exist at build-out.

Placed-In-Service Date
The date (month and year) that the reserve component was originally put into service or last replaced.

Remaining Life
The length of time, in years, until a reserve component is scheduled to be replaced.

Remaining Life Adjustment
The length of time, in years, that a reserve component is expected to last in excess (or deficiency) of its useful life for the current cycle of replacement.

If the current cycle of replacement for a reserve component is expected to be greater than or less than the "normal" life expectancy, the reserve component's life should be adjusted using a remaining life adjustment.

For example, if wood trim is painted normally on a 4 year cycle, the useful life should be 4 years. However, when it comes time to paint the wood trim and it is determined that it can be deferred for an additional year, the useful life should remain at 4 years and a remaining life adjustment of +1 year should be used.

Replacement Year
The fiscal year that a reserve component is scheduled to be replaced.

Reserve Components
Line items included in the reserve analysis.

Taxes on Investments Parameter
The rate used to offset the investment rate parameter in the calculation of the interest contribution. This parameter represents the marginal tax rate the association expects to pay on interest earned by the reserve funds and member contributions.

Total Contribution
The sum of the membership contribution and interest contribution.

Useful Life
The length of time, in years, that a reserve component is expected to last each time it is replaced. See also "remaining life adjustment."

♦ ♦ ♦ ♦ LIMITATIONS OF RESERVE ANALYSIS ♦ ♦ ♦ ♦

This reserve analysis is intended as a tool for the association's Board of Directors to be used in evaluating the association's current physical and financial condition with regard to reserve components. The results of this reserve analysis represent the independent opinion of the preparer. There is no implied warranty or guarantee of this work product.

For the purposes of this reserve analysis, it has been assumed that all components have been installed properly, no construction defects exist and all components are operational. Additionally, it has been assumed that all components will be maintained properly in the future.

The representations set forth in this reserve analysis are based on the best information and estimates of the preparer as of the date of this analysis. These estimates are subject to change. This reserve analysis includes estimates of replacement costs and life expectancies as well as assumptions regarding future events. Some estimates are projections of future events based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility or error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this reserve analysis. Therefore, the actual replacement costs and remaining lives may vary from this reserve analysis and the variation may be significant. Additionally, inflation and other economic events may impact this reserve analysis, particularly over an extended period of time and those events could have a significant and negative impact on the accuracy of this reserve analysis and, further, the funds available to meet the association's obligation for repair, replacement or other maintenance of major components during their estimated useful life. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods, acts of nature or other unforeseen events cannot be predicted and/or accounted for and are excluded when assessing life expectancy, repair and/or replacement costs of the components.

Colony Biltmore Greens

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	2964
Version Number	003 (revised)
Analysis Date	10/30/2017
Fiscal Year	1/1/2018 to 12/31/2018
Number of Units	162
Phasing	1 of 1

Global Parameters:

Inflation Rate	1.50 %
Annual Contribution Increase	0.00 %
Investment Rate	0.63 %
Taxes on Investments	0.00 %
Contingency	0.00 %

Community Profile:

This community was built in 1977. Refer to the Component Detail section for the dates used to age the common area components.

Reserve Balance as of June 30, 2017: $246,627

Remaining 2017 Contribution to Reserves: $14,668 ($2,444.58/month x 6 months)

Remaining 2017 Interest to be Earned (0.63%): $710

Remaining 2017 Reserve Expenditures: $10,497 (Oleanders - remove & replace)
$ 4,993 (Sissou Trees - remove & replace w/different tree)
$ 5,000 (Block Wall Repairs - 50% share w/Cloisters)
$ 7,900 (East Tennis Court - repair & resurface)

Projected January 1, 2018 Reserve Balance: $233,615

Holbrook Asphalt's asphalt maintenance plan is based on a 1.50% inflation rate. Thus, we have used a 1.50% inflation for the entire report given that the asphalt is the primary common area component at this property. Adjustments to the inflation rate should be made at the time of a future update of this report, if necessary.

REPORTS: 2007. Updated 2013 & 2017.

Adequacy of Reserves as of January 1, 2018:

Anticipated Reserve Balance	**$233,615.00**
Fully Funded Reserve Balance	**$285,431.44**
Percent Funded	**81.85%**

Recommended Funding for the 2018 Fiscal Year:	**Annual**	**Monthly**	**Per Unit Per Month**

Colony Biltmore Greens

Executive Summary

Directed Cash Flow Calculation Method

Member Contribution	**$29,950**	**$2,495.83**	**$15.41**
Interest Contribution	**$1,006**	**$83.84**	**$0.52**
Total Contribution	**$30,956**	**$2,579.67**	**$15.92**

Colony Biltmore Greens

Distribution of Current Reserve Funds

Sorted by Remaining Life

	Remaining Life	Fully Funded Balance	Assigned Reserves
Asphalt Maintenance - Type II Slurry	0	$48,092.00	$48,092.00
Concrete Repairs	0	$4,000.00	$4,000.00
Oleanders - Remove & Replace (2018)	0	$21,000.00	$21,000.00
Sissou Trees - Remove & Replace (2018)	0	$15,000.00	$15,000.00
Oleanders - Remove & Replace (2019)	1	$14,642.86	$14,642.86
Tennis Court (West) - Replace (2019)	1	$45,473.68	$45,473.68
Asphalt Maintenance - HA5 Surface Treatment	2	$22,516.67	$22,516.67
Monument Signs - Metal Letters	2	$3,600.00	$3,600.00
Oleanders - Remove & Replace (2020)	2	$14,302.33	$14,302.33
Paint - Common Area Walls	2	$11,666.67	$11,666.67
Tennis Courts - Windscreens	2	$2,745.00	$2,745.00
Oleanders - Remove & Replace (2021)	3	$13,977.27	$13,977.27
Security Cameras	3	$1,000.00	$1,000.00
Tennis Court (East) - Repair/Resurface	3	$216.22	$216.22
Asphalt Maintenance - Crack Seal	4	$0.00	$0.00
Oleanders - Remove & Replace (2022)	4	$13,666.67	$13,666.67
Tennis Court (West) - Resurface	7	$0.00	$0.00
Asphalt Maintenance - Concrete Joints @ Gutters	8	$0.00	$0.00
Asphalt Maintenance - Patching	8	$6,480.40	$1,715.64
Park Equipment	9	$4,125.00	$0.00
Play Equipment	9	$15,816.33	$0.00
Tennis Courts - Chain Link Fencing & Gates	12	$11,200.00	$0.00
Tennis Courts - Lighting	12	$12,480.00	$0.00
Guardhouse - Remodel/Restore	33	$2,742.86	$0.00
Street Sign Structures	39	$687.50	$0.00
Drywells - Maintenance, Unfunded	n.a.	$0.00	$0.00
Irrigation System Infrastructure - Unfunded	n.a.	$0.00	$0.00
Mailboxes - Pedestal Sets, Unfunded	n.a.	$0.00	$0.00

Colony Biltmore Greens

Distribution of Current Reserve Funds

Sorted by Remaining Life

	Remaining Life	Fully Funded Balance	Assigned Reserves
Contingency	n.a.	$0.00	$0.00
Total	**0-39**	**$285,431.44**	**$233,615.00**
Percent Funded			**81.85%**

Colony Biltmore Greens

Projections

Directed Cash Flow Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2018	$233,615	$29,950	$1,006	$88,092	$176,479	$232,866	76%
2019	$176,479	$31,448	$802	$63,945	$144,784	$201,538	72%
2020	$144,784	$31,448	$498	$80,291	$96,440	$151,766	64%
2021	$96,440	$31,448	$532	$26,665	$101,755	$155,114	66%
2022	$101,755	$31,448	$575	$25,069	$108,709	$160,194	68%
2023	$108,709	$31,448	$778	$0	$140,935	$191,220	74%
2024	$140,935	$33,650	$960	$4,374	$171,171	$218,700	78%
2025	$171,171	$33,650	$1,081	$15,538	$190,364	$235,859	81%
2026	$190,364	$33,650	$820	$76,039	$148,794	$192,310	77%
2027	$148,794	$33,650	$803	$37,160	$146,087	$187,998	78%
2028	$146,087	$33,650	$717	$48,087	$132,366	$172,988	77%
2029	$132,366	$36,005	$881	$9,424	$159,829	$197,461	81%
2030	$159,829	$36,005	$656	$72,478	$124,011	$158,773	78%
2031	$124,011	$36,005	$823	$10,315	$150,524	$183,078	82%
2032	$150,524	$36,005	$888	$26,483	$160,934	$191,824	84%
2033	$160,934	$36,005	$1,058	$10,002	$187,995	$217,923	86%
2034	$187,995	$38,525	$1,178	$19,160	$208,537	$235,617	89%
2035	$208,537	$38,525	$1,429	$0	$248,491	$273,533	91%
2036	$248,491	$38,525	$1,051	$99,798	$188,269	$211,238	89%
2037	$188,269	$38,525	$1,184	$18,577	$209,400	$230,971	91%
2038	$209,400	$38,525	$1,212	$35,180	$213,958	$234,680	91%
2039	$213,958	$41,222	$1,471	$0	$256,651	$274,692	93%
2040	$256,651	$41,222	$1,671	$11,101	$288,443	$304,584	95%
2041	$288,443	$41,222	$1,848	$14,788	$316,725	$331,737	95%
2042	$316,725	$41,222	$1,550	$90,332	$269,165	$283,185	95%
2043	$269,165	$41,222	$1,765	$8,706	$303,446	$317,327	96%
2044	$303,446	$44,108	$1,496	$86,794	$262,256	$273,302	96%
2045	$262,256	$44,108	$1,709	$11,958	$296,115	$305,165	97%
2046	$296,115	$44,108	$1,581	$66,033	$275,772	$283,220	97%
2047	$275,772	$44,108	$1,797	$11,550	$310,127	$316,852	98%
2048	$310,127	$44,108	$2,048	$6,252	$350,030	$356,983	98%
2049	$350,030	$47,195	$2,208	$22,211	$377,222	$382,143	99%
2050	$377,222	$47,195	$1,903	$97,584	$328,736	$331,812	99%
2051	$328,736	$47,195	$1,692	$82,541	$295,082	$296,639	99%
2052	$295,082	$47,195	$1,305	$110,215	$233,366	$233,505	100%
2053	$233,366	$47,195	$1,526	$13,471	$268,616	$268,282	100%
2054	$268,616	$48,500	$1,744	$14,733	$304,127	$302,976	100%
2055	$304,127	$48,500	$1,733	$52,043	$302,317	$301,003	100%
2056	$302,317	$48,500	$1,423	$99,313	$252,927	$251,718	100%
2057	$252,927	$48,500	$1,337	$63,446	$239,319	$238,802	100%

Colony Biltmore Greens

Projections

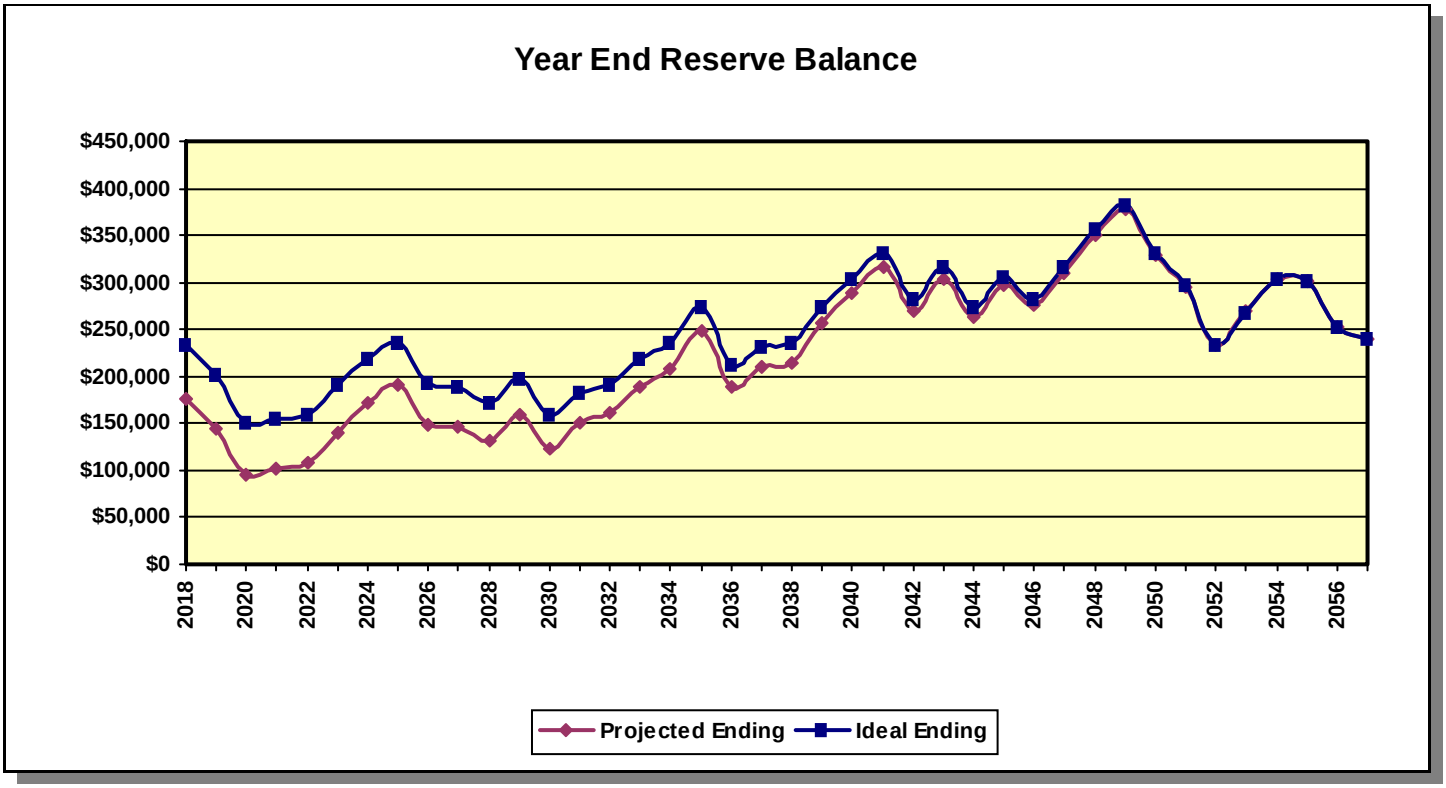
Directed Cash Flow Calculation Method

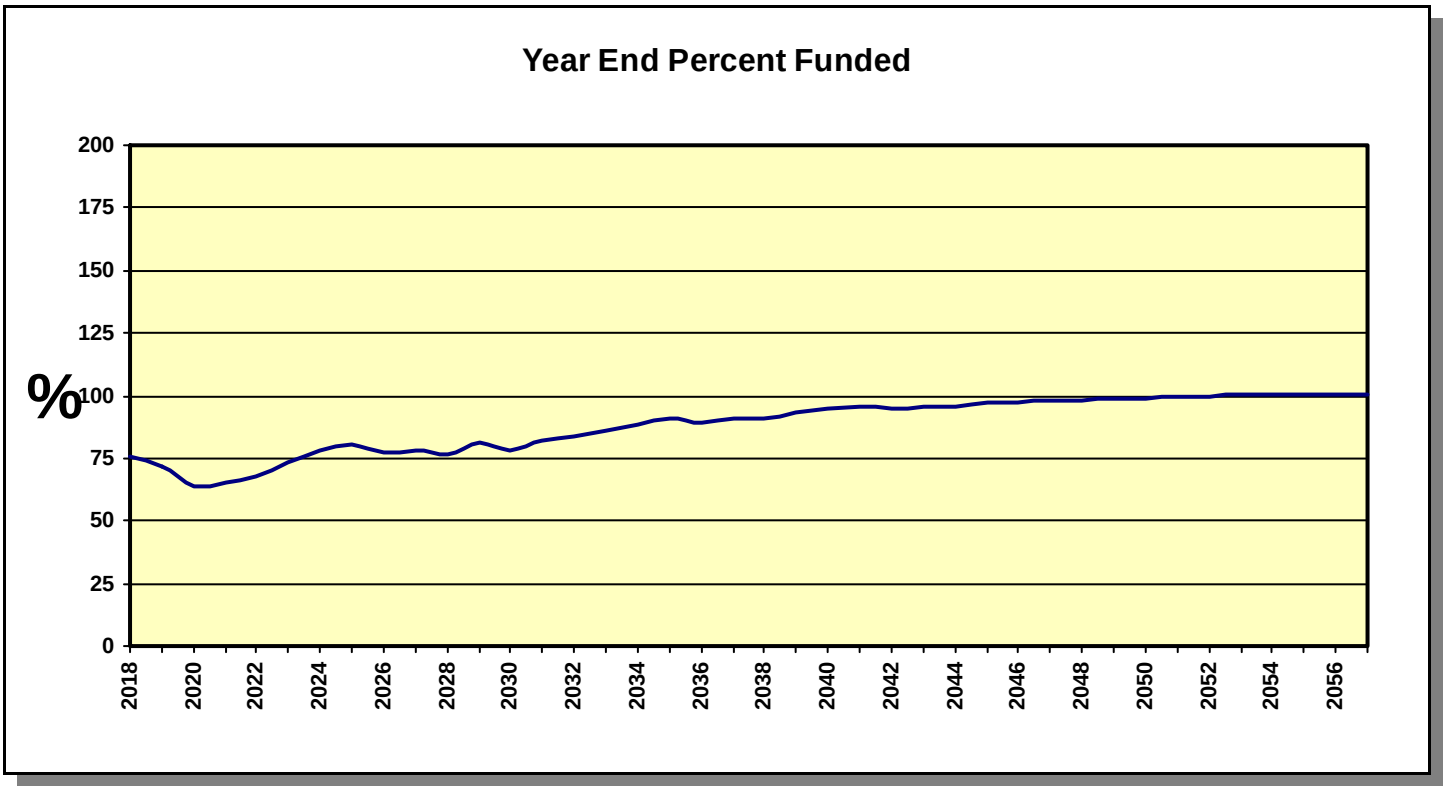
As requested by the client, the funding strategy on Page 5 reflects a 2018 reserve contribution of $29,950, with a 5.00% increase for 2019. Going forward from 2019, the contribution is held steady for five years, increased a percentage amount for the next year, and then held steady again for five years. This cycle is repeated throughout the 40 year funding strategy. The majority of the increases to the reserve contribution are a 7.00% increase. However, the last increase shown is only 2.76%.

Colony Biltmore Greens

Projection Charts

Directed Cash Flow Calculation Method

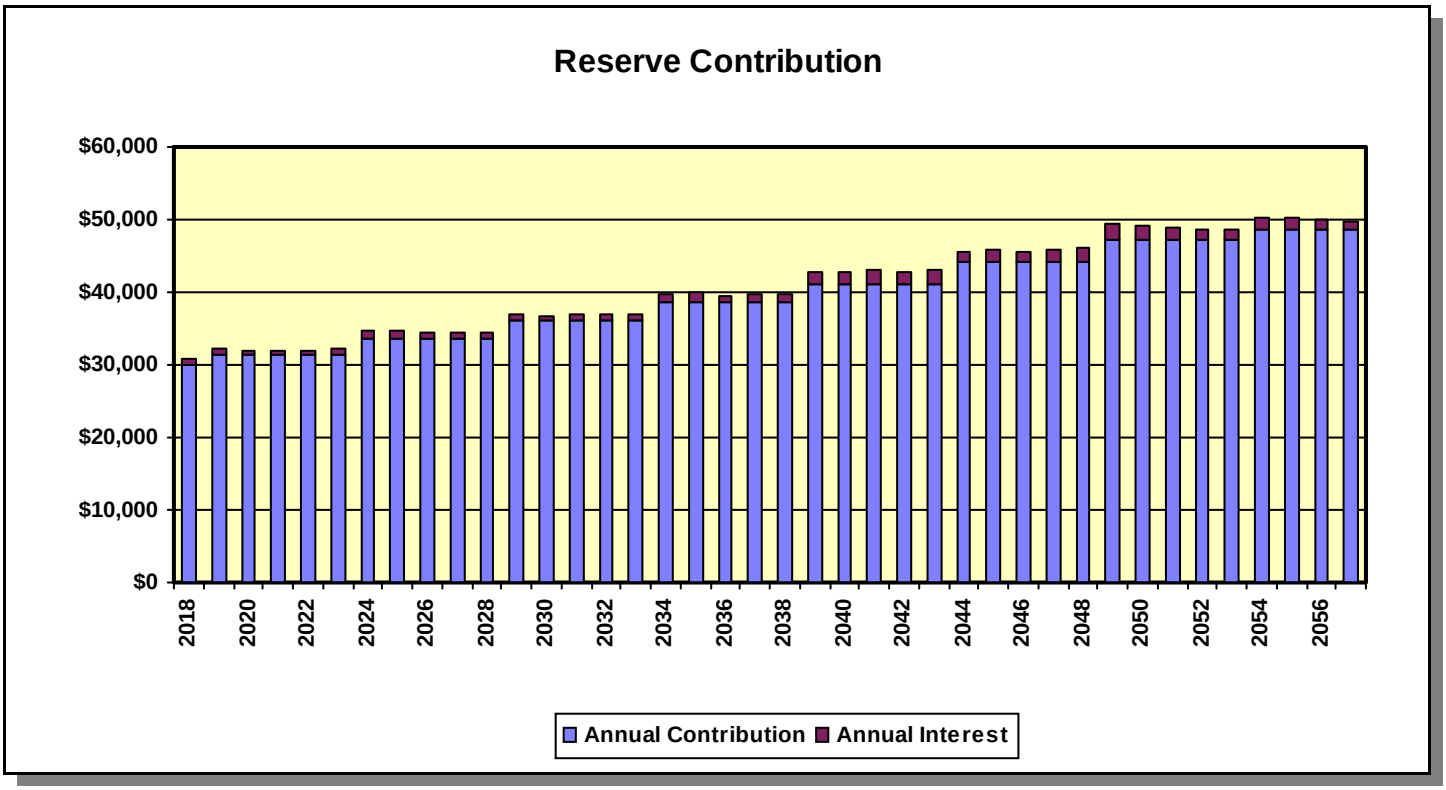


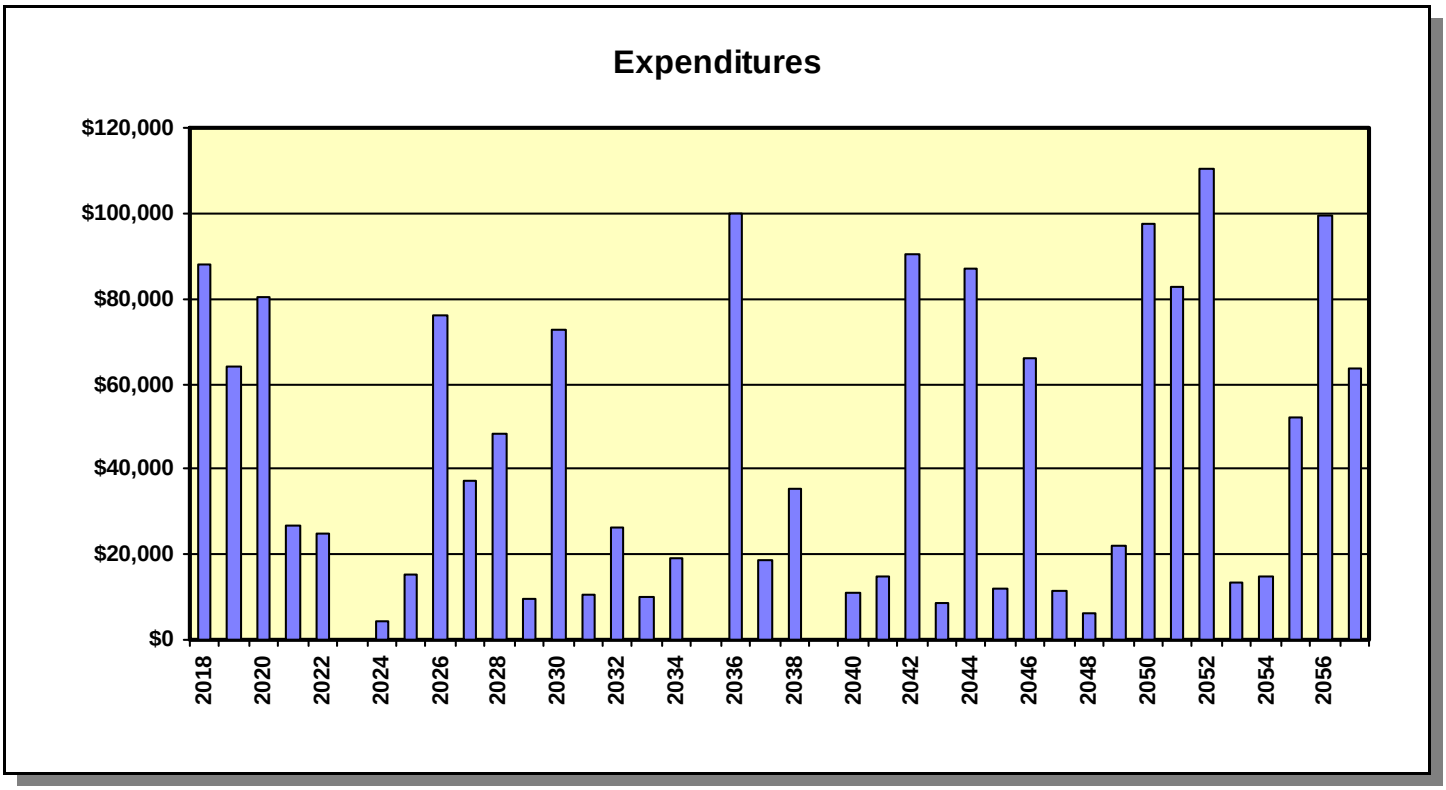


Colony Biltmore Greens

Projection Charts

Directed Cash Flow Calculation Method





Colony Biltmore Greens

Annual Expenditure Detail

Sorted by Description

2018 Fiscal Year	
Asphalt Maintenance - Type II Slurry	$48,092.00
Concrete Repairs	$4,000.00
Oleanders - Remove & Replace (2018)	$21,000.00
Sissou Trees - Remove & Replace (2018)	$15,000.00
Sub Total	**$88,092.00**
2019 Fiscal Year	
Oleanders - Remove & Replace (2019)	$15,225.00
Tennis Court (West) - Replace (2019)	$48,720.00
Sub Total	**$63,945.00**
2020 Fiscal Year	
Asphalt Maintenance - HA5 Surface Treatment	$34,795.85
Concrete Repairs	$4,120.90
Monument Signs - Metal Letters	$4,120.90
Oleanders - Remove & Replace (2020)	$15,453.38
Paint - Common Area Walls	$18,028.94
Tennis Courts - Windscreens	$3,770.62
Sub Total	**$80,290.59**
2021 Fiscal Year	
Oleanders - Remove & Replace (2021)	$15,685.18
Security Cameras	$2,614.20
Tennis Court (East) - Repair/Resurface	$8,365.43
Sub Total	**$26,664.80**
2022 Fiscal Year	
Asphalt Maintenance - Crack Seal	$4,903.50
Concrete Repairs	$4,245.45
Oleanders - Remove & Replace (2022)	$15,920.45
Sub Total	**$25,069.41**
2024 Fiscal Year	
Concrete Repairs	$4,373.77
Sub Total	**$4,373.77**
2025 Fiscal Year	
Tennis Court (East) - Repair/Resurface	$8,878.76
Tennis Court (West) - Resurface	$6,659.07

Colony Biltmore Greens

Annual Expenditure Detail

Sorted by Description

Sub Total	**$15,537.83**
2026 Fiscal Year	
Asphalt Maintenance - Concrete Joints @ Gutters	$7,298.55
Asphalt Maintenance - Crack Seal	$5,204.40
Asphalt Maintenance - Patching	$36,500.61
Concrete Repairs	$4,505.97
Paint - Common Area Walls	$19,713.62
Security Cameras	$2,816.23
Sub Total	**$76,039.38**
2027 Fiscal Year	
Park Equipment	$8,575.42
Play Equipment	$28,584.75
Sub Total	**$37,160.17**
2028 Fiscal Year	
Asphalt Maintenance - HA5 Surface Treatment	$39,197.27
Concrete Repairs	$4,642.16
Tennis Courts - Windscreens	$4,247.58
Sub Total	**$48,087.01**
2029 Fiscal Year	
Tennis Court (East) - Repair/Resurface	$9,423.59
Sub Total	**$9,423.59**
2030 Fiscal Year	
Asphalt Maintenance - Crack Seal	$5,523.76
Concrete Repairs	$4,782.47
Tennis Courts - Chain Link Fencing & Gates	$33,477.31
Tennis Courts - Lighting	$28,694.84
Sub Total	**$72,478.37**
2031 Fiscal Year	
Security Cameras	$3,033.88
Tennis Court (West) - Resurface	$7,281.31
Sub Total	**$10,315.20**
2032 Fiscal Year	
Concrete Repairs	$4,927.02
Paint - Common Area Walls	$21,555.73

Colony Biltmore Greens

Annual Expenditure Detail

Sorted by Description

Sub Total	**$26,482.75**
2033 Fiscal Year	
Tennis Court (East) - Repair/Resurface	$10,001.86
Sub Total	**$10,001.86**
2034 Fiscal Year	
Asphalt Maintenance - Concrete Joints @ Gutters	$8,221.76
Asphalt Maintenance - Crack Seal	$5,862.71
Concrete Repairs	$5,075.94
Sub Total	**$19,160.41**
2036 Fiscal Year	
Asphalt Maintenance - HA5 Surface Treatment	$44,155.43
Asphalt Maintenance - Patching	$42,360.45
Concrete Repairs	$5,229.36
Security Cameras	$3,268.35
Tennis Courts - Windscreens	$4,784.87
Sub Total	**$99,798.46**
2037 Fiscal Year	
Tennis Court (East) - Repair/Resurface	$10,615.61
Tennis Court (West) - Resurface	$7,961.70
Sub Total	**$18,577.31**
2038 Fiscal Year	
Asphalt Maintenance - Crack Seal	$6,222.47
Concrete Repairs	$5,387.42
Paint - Common Area Walls	$23,569.96
Sub Total	**$35,179.85**
2040 Fiscal Year	
Concrete Repairs	$5,550.25
Monument Signs - Metal Letters	$5,550.25
Sub Total	**$11,100.51**
2041 Fiscal Year	
Security Cameras	$3,520.94
Tennis Court (East) - Repair/Resurface	$11,267.02
Sub Total	**$14,787.96**

Colony Biltmore Greens

Annual Expenditure Detail

Sorted by Description

2042 Fiscal Year	
Asphalt Maintenance - Concrete Joints @ Gutters	$9,261.75
Asphalt Maintenance - Crack Seal	$6,604.30
Asphalt Maintenance - Type II Slurry	$68,747.65
Concrete Repairs	$5,718.01
Sub Total	**$90,331.71**
2043 Fiscal Year	
Tennis Court (West) - Resurface	$8,705.67
Sub Total	**$8,705.67**
2044 Fiscal Year	
Asphalt Maintenance - HA5 Surface Treatment	$49,740.76
Concrete Repairs	$5,890.84
Paint - Common Area Walls	$25,772.42
Tennis Courts - Windscreens	$5,390.12
Sub Total	**$86,794.14**
2045 Fiscal Year	
Tennis Court (East) - Repair/Resurface	$11,958.40
Sub Total	**$11,958.40**
2046 Fiscal Year	
Asphalt Maintenance - Crack Seal	$7,009.57
Asphalt Maintenance - Patching	$49,161.03
Concrete Repairs	$6,068.89
Security Cameras	$3,793.06
Sub Total	**$66,032.54**
2047 Fiscal Year	
Park Equipment	$11,549.85
Sub Total	**$11,549.85**
2048 Fiscal Year	
Concrete Repairs	$6,252.32
Sub Total	**$6,252.32**
2049 Fiscal Year	
Tennis Court (East) - Repair/Resurface	$12,692.21
Tennis Court (West) - Resurface	$9,519.16
Sub Total	**$22,211.37**

Colony Biltmore Greens

Annual Expenditure Detail

Sorted by Description

2050 Fiscal Year	
Asphalt Maintenance - Concrete Joints @ Gutters	$10,433.29
Asphalt Maintenance - Crack Seal	$7,439.70
Concrete Repairs	$6,441.30
Paint - Common Area Walls	$28,180.68
Tennis Courts - Chain Link Fencing & Gates	$45,089.08
Sub Total	**$97,584.04**
2051 Fiscal Year	
Guardhouse - Remodel/Restore	$78,455.00
Security Cameras	$4,086.20
Sub Total	**$82,541.20**
2052 Fiscal Year	
Asphalt Maintenance - HA5 Surface Treatment	$56,032.60
Concrete Repairs	$6,635.99
Play Equipment	$41,474.91
Tennis Courts - Windscreens	$6,071.93
Sub Total	**$110,215.42**
2053 Fiscal Year	
Tennis Court (East) - Repair/Resurface	$13,471.05
Sub Total	**$13,471.05**
2054 Fiscal Year	
Asphalt Maintenance - Crack Seal	$7,896.22
Concrete Repairs	$6,836.56
Sub Total	**$14,732.78**
2055 Fiscal Year	
Tennis Court (West) - Resurface	$10,408.66
Tennis Courts - Lighting	$41,634.64
Sub Total	**$52,043.30**
2056 Fiscal Year	
Asphalt Maintenance - Patching	$57,053.39
Concrete Repairs	$7,043.19
Paint - Common Area Walls	$30,813.97
Security Cameras	$4,402.00
Sub Total	**$99,312.54**

Colony Biltmore Greens

Annual Expenditure Detail

Sorted by Description

2057 Fiscal Year	
Street Sign Structures	$49,148.28
Tennis Court (East) - Repair/Resurface	$14,297.68
Sub Total	**$63,445.96**

Colony Biltmore Greens

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Asphalt Maintenance - Concrete Joints @ Gutters

Category	010 Asphalt	Quantity	1 toal
		Unit Cost	$6,479.000
		% of Replacement	100.00%
		Current Cost	$6,479.00
Placed In Service	01/18	Future Cost	$7,298.55
Useful Life	8		
		Assigned Reserves at FYB	$0.00
Remaining Life	8	Monthly Member Contribution	$52.77
Replacement Year	2026	Monthly Interest Contribution	$0.20
		Total Monthly Contribution	$52.98

Comments:

The client has advised us to incorporate the 30-Year Asphalt Plan for Colony Biltmore that was provided by Holbrook Asphalt (Justin Holbrook).

This component budgets to seal the concrete joints at gutters in 2026, and then on an eight (8) year cycle.

Asphalt Maintenance - Crack Seal

Category	010 Asphalt	Quantity	1 toal
		Unit Cost	$4,620.000
		% of Replacement	100.00%
		Current Cost	$4,620.00
Placed In Service	01/18	Future Cost	$4,903.50
Useful Life	4		
		Assigned Reserves at FYB	$0.00
Remaining Life	4	Monthly Member Contribution	$71.82
Replacement Year	2022	Monthly Interest Contribution	$0.28
		Total Monthly Contribution	$72.10

Comments:

The client has advised us to incorporate the 30-Year Asphalt Plan for Colony Biltmore that was provided by Holbrook Asphalt (Justin Holbrook).

This component budgets to crack seal in 2022, and then on a four (4) year cycle.

Colony Biltmore Greens

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Asphalt Maintenance - HA5 Surface Treatment

Category	010 Asphalt	Quantity	1 toal
		Unit Cost	$33,775.000
		% of Replacement	100.00%
		Current Cost	$33,775.00
Placed In Service	01/14	Future Cost	$34,795.85
Useful Life	8		
Adjustment	-2	Assigned Reserves at FYB	$22,516.67
Remaining Life	2	Monthly Member Contribution	$353.54
Replacement Year	2020	Monthly Interest Contribution	$12.84
		Total Monthly Contribution	$366.39

Comments:

The client has advised us to incorporate the 30-Year Asphalt Plan for Colony Biltmore that was provided by Holbrook Asphalt (Justin Holbrook).

This component budgets for an HA5 (High Density Mineral Bond) surface treatment in 2020, and then on an eight (8) year cycle..

Colony Biltmore Greens

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Asphalt Maintenance - Patching

Category	010 Asphalt	Quantity	1 toal
		Unit Cost	$32,402.000
		% of Replacement	100.00%
		Current Cost	$32,402.00
Placed In Service	01/16	Future Cost	$36,500.61
Useful Life	10		
		Assigned Reserves at FYB	$1,715.64
Remaining Life	8	Monthly Member Contribution	$250.88
Replacement Year	2026	Monthly Interest Contribution	$1.86
		Total Monthly Contribution	$252.73

Comments:

The client has advised us to incorporate the 30-Year Asphalt Plan for Colony Biltmore that was provided by Holbrook Asphalt (Justin Holbrook). Given that there is an inconsistency in the useful life cycle for "Patching", we have made an adjustment to this component (see below).

This component budgets for asphalt patching/major repairs in 2026, and then on a 10 year cycle.

Holbrook's 30-Year Plan calls for patching in 2026, 2034 & 2044. Given that this is not a consistent pattern, we have gone ahead and used a 10 year useful life cycle.

Colony Biltmore Greens

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Asphalt Maintenance - Type II Slurry

Category	010 Asphalt	Quantity	1 toal
		Unit Cost	$48,092.000
		% of Replacement	100.00%
		Current Cost	$48,092.00
Placed In Service	01/14	Future Cost	$68,747.65
Useful Life	24		
Adjustment	-20	Assigned Reserves at FYB	$48,092.00
Remaining Life	0	Monthly Member Contribution	$157.42
Replacement Year	2018	Monthly Interest Contribution	$0.62
		Total Monthly Contribution	$158.04

Comments:

The client has advised us to incorporate the 30-Year Asphalt Plan for Colony Biltmore that was provided by Holbrook Asphalt (Justin Holbrook).

This component budgets for a Type II slurry seal in 2018, and then on a 24 year cycle.

Paint - Common Area Walls

Category	030 Painting	Quantity	1 total
		Unit Cost	$17,500.000
		% of Replacement	100.00%
		Current Cost	$17,500.00
Placed In Service	01/14	Future Cost	$18,028.94
Useful Life	6		
		Assigned Reserves at FYB	$11,666.67
Remaining Life	2	Monthly Member Contribution	$183.18
Replacement Year	2020	Monthly Interest Contribution	$6.66
		Total Monthly Contribution	$189.84

Comments:

$16,525 was spent in 2014 to prep, repair & repaint the common area walls (19,230 sq. ft.). This component budgets to for similar work every six (6) years.

Colony Biltmore Greens

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Guardhouse - Remodel/Restore

Category	035 Guardhouse	Quantity	1 total
		Unit Cost	$48,000.000
		% of Replacement	100.00%
		Current Cost	$48,000.00
Placed In Service	01/16	Future Cost	$78,455.00
Useful Life	35		
		Assigned Reserves at FYB	$0.00
Remaining Life	33	Monthly Member Contribution	$126.90
Replacement Year	2051	Monthly Interest Contribution	$0.50
		Total Monthly Contribution	$127.40

Comments:

$47,640 was spent in 2015/2016 to remodel/restore the guardhouse - refer to the Olson Bros. Constructuion Co., LLC bid for specifics. This component budgets for similar work every 35 years. Accumulated funds should be used on an "as needed" basis for interim guardhouse improvements/replacements.

Park Equipment

Category	060 Park Equipment	Quantity	1 total
		Unit Cost	$7,500.000
		% of Replacement	100.00%
		Current Cost	$7,500.00
Placed In Service	01/07	Future Cost	$8,575.42
Useful Life	20		
		Assigned Reserves at FYB	$0.00
Remaining Life	9	Monthly Member Contribution	$54.94
Replacement Year	2027	Monthly Interest Contribution	$0.21
		Total Monthly Contribution	$55.15

Comments:

This component includes a provision every 20 years for the replacement of the following park equipment scattered throughout the community (benches, picnic table, basketball standards). The accumulated funds should be used on an "as needed" basis. For budgeting purposes we have used 2007 as the basis for a aging the park equipment.

Colony Biltmore Greens

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Play Equipment

Category	061 Play Equipment	Quantity	1 total
		Unit Cost	$25,000.000
		% of Replacement	100.00%
		Current Cost	$25,000.00
Placed In Service	07/02	Future Cost	$28,584.75
Useful Life	25		
		Assigned Reserves at FYB	$0.00
Remaining Life	9	Monthly Member Contribution	$183.14
Replacement Year	2027	Monthly Interest Contribution	$0.72
		Total Monthly Contribution	$183.85

Comments:

This component will accumulate funds on a 25 year cycle for the replacement of the play equipment (playstructure, swing set, etc.) next to the west tennis court on an "as needed" basis. The accumulated funds should also be used for sand replenishment as needed.

Tennis Court (East) - Repair/Resurface

Category	065 Tennis Courts	Quantity	1 court
		Unit Cost	$8,000.000
		% of Replacement	100.00%
		Current Cost	$8,000.00
Placed In Service	12/17	Future Cost	$8,365.43
Useful Life	4		
		Assigned Reserves at FYB	$216.22
Remaining Life	3	Monthly Member Contribution	$159.56
Replacement Year	2021	Monthly Interest Contribution	$0.73
		Total Monthly Contribution	$160.29

Comments:

Before the end of 2017, the client intends to spend $7,900 to repair & resurface the east tennis court. Going forward, the client has advised us to budget $8,000, every four years for similar work.

Please note that there is no longer a provision included in this reserve study to replace the asphalt based east tennis court. In our opinion, this asphalt based court should be replaced within the next 20 years with a post-tension concrete court at a current cost of approximately $48,000.

Colony Biltmore Greens

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Tennis Court (West) - Replace (2019)

One Time Replacement

Category	065 Tennis Courts	Quantity	1 court
		Unit Cost	$48,000.000
		% of Replacement	100.00%
		Current Cost	$48,000.00
Placed In Service	01/00	Future Cost	$48,720.00
Useful Life	19		
		Assigned Reserves at FYB	$45,473.68
Remaining Life	1	Monthly Member Contribution	$175.00
Replacement Year	2019	Monthly Interest Contribution	$23.82
		Total Monthly Contribution	$198.82

Comments:

The client has advised us to budget a one time expense of $48,000 in 2019 to replace the asphalt based west tennis court with a post-tension concrete court.

Tennis Court (West) - Resurface

Category	065 Tennis Courts	Quantity	1 court
		Unit Cost	$6,000.000
		% of Replacement	100.00%
		Current Cost	$6,000.00
Placed In Service	01/18	Future Cost	$6,659.07
Useful Life	6		
Adjustment	+1	Assigned Reserves at FYB	$0.00
Remaining Life	7	Monthly Member Contribution	$55.20
Replacement Year	2025	Monthly Interest Contribution	$0.21
		Total Monthly Contribution	$55.42

Comments:

The west tennis court will be replaced with a post-tension concrete court in 2019. This component budgets to resurface the west tennis court on a continuous six year cycle, beginning in 2025.

Colony Biltmore Greens

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Tennis Courts - Chain Link Fencing & Gates

Category	065 Tennis Courts	Quantity	2 courts
		Unit Cost	$14,000.000
		% of Replacement	100.00%
		Current Cost	$28,000.00
Placed In Service	01/10	Future Cost	$33,477.31
Useful Life	20		
		Assigned Reserves at FYB	$0.00
Remaining Life	12	Monthly Member Contribution	$159.33
Replacement Year	2030	Monthly Interest Contribution	$0.63
		Total Monthly Contribution	$159.96

Comments:

The client has advised us to budget $14,000 per court for the replacement of the chain link fencing & gates in 10 - 15 years, and then on a 20 year cycle.

Tennis Courts - Lighting

Category	065 Tennis Courts	Quantity	2 courts
		Unit Cost	$12,000.000
		% of Replacement	100.00%
		Current Cost	$24,000.00
Placed In Service	01/05	Future Cost	$28,694.84
Useful Life	25		
		Assigned Reserves at FYB	$0.00
Remaining Life	12	Monthly Member Contribution	$136.57
Replacement Year	2030	Monthly Interest Contribution	$0.54
		Total Monthly Contribution	$137.11

Comments:

The client has advised us to budget $12,000 per court for the replacement of the lighting in 10 - 15 years, and then on a 25 year cycle.

There are six (6) pole mounted light fixtures at each of the two courts.

Colony Biltmore Greens

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Tennis Courts - Windscreens

Category	065 Tennis Courts	Quantity	3,660 sq. ft.
		Unit Cost	$1.000
		% of Replacement	100.00%
		Current Cost	$3,660.00
Placed In Service	01/12	Future Cost	$3,770.62
Useful Life	8		
		Assigned Reserves at FYB	$2,745.00
Remaining Life	2	Monthly Member Contribution	$29.21
Replacement Year	2020	Monthly Interest Contribution	$1.51
		Total Monthly Contribution	$30.71

Comments:

This component budgets to replace the windscreens at the two tennis courts.

Security Cameras

Category	080 Access/Security	Quantity	1 total
		Unit Cost	$2,500.000
		% of Replacement	100.00%
		Current Cost	$2,500.00
Placed In Service	01/16	Future Cost	$2,614.20
Useful Life	5		
		Assigned Reserves at FYB	$1,000.00
Remaining Life	3	Monthly Member Contribution	$31.25
Replacement Year	2021	Monthly Interest Contribution	$0.63
		Total Monthly Contribution	$31.88

Comments:

$2,425.35 was spent in 2016 on security cameras. The client has advised us to budget to replace the security cameras every five (5) years.

Colony Biltmore Greens

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Concrete Repairs

Category	100 Grounds	Quantity	1 total
		Unit Cost	$4,000.000
		% of Replacement	100.00%
		Current Cost	$4,000.00
Placed In Service	01/16	Future Cost	$4,120.90
Useful Life	2		
		Assigned Reserves at FYB	$4,000.00
Remaining Life	0	Monthly Member Contribution	$121.47
Replacement Year	2018	Monthly Interest Contribution	$0.47
		Total Monthly Contribution	$121.95

Comments:

At the time of the last reserve study in 2013, the client advised us to budget $3,000, every two years, for concrete repairs throughout the community (walkways, sidewalks, curb/gutters, bomanite pavers). We have not been advised of any concrete repairs that have occurred from 2014 - 2017. Going forward, this component budgets $4,000, next in 2018, and then every two years, for concrete repairs.

Drywells - Maintenance, Unfunded

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/77	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

The client has advised us that drywell maintenance is accounted for as an operating expense.

Colony Biltmore Greens

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Irrigation System Infrastructure - Unfunded

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/77	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

Irrigation systems are one of the most difficult items to budget for without specific information provided by an expert who is familiar with the system inventory and system condition. We have been advised by irrigation system experts that most system components (piping, sprinkler heads, valves, etc) have a useful life of 20+ years. However, budgeting for the replacement of an irrigation system requires evaluation of the present condition (to identify remaining useful life) and replacement cost - both of which call for expert evaluation, but fall outside the scope of a reserve study.

Therefore, we recommend that the Association board and/or management company have the system evaluated to determine the appropriate scope of work, projected replacement cost and remaining life, all of which are necessary so that budgeting can be included in a revision or future update of this analysis.

NOTE: The replacement of the irrigation controllers is no longer included as a reserve expense because we have never been advised of any irrigation controllers being replaced using reserve funds.

Mailboxes - Pedestal Sets, Unfunded

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	07/14	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

The mailboxes have been replaced since our last study in 2013. It appears as though they were replaced in mid-2014. However, no information on this project was provided by the client. Thus, we have assumed that the replacement of the mailboxes was done and paid for by the United States Postal Service. Should that not have been the case, we will be happy to include the mailboxes at the client's request. The inventory includes:

2 - 8 box sets w/2 parcel lockers
7 - 12 box sets w/1 parcel locker
4 - 16 box sets w/2 parcel lockers

Monument Signs - Metal Letters

Category	100 Grounds	Quantity	1 total
		Unit Cost	$4,000.000
		% of Replacement	100.00%
		Current Cost	$4,000.00
Placed In Service	01/00	Future Cost	$4,120.90
Useful Life	20		
		Assigned Reserves at FYB	$3,600.00
Remaining Life	2	Monthly Member Contribution	$14.01
Replacement Year	2020	Monthly Interest Contribution	$1.88
		Total Monthly Contribution	$15.89

Comments:

This component budgets to replace the metal letters making up the double-sided monument sign at the entrance to the community that indicates "COLONY BILTMORE" & "COLONY GREENS".

Colony Biltmore Greens

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Oleanders - Remove & Replace (2018)

		One Time Replacement	
Category	100 Grounds	Quantity	1 total
		Unit Cost	$21,000.000
		% of Replacement	100.00%
		Current Cost	$21,000.00
Placed In Service	01/77	Future Cost	$0.00
Useful Life	41		
		Assigned Reserves at FYB	$21,000.00
Remaining Life	0	Monthly Member Contribution	$0.00
Replacement Year	2018	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

This client has advised us to budget $21,000 for the removal & replacement of oleanders in 2018.

This is a one time expense.

Oleanders - Remove & Replace (2019)

		One Time Replacement	
Category	100 Grounds	Quantity	1 total
		Unit Cost	$15,000.000
		% of Replacement	100.00%
		Current Cost	$15,000.00
Placed In Service	01/77	Future Cost	$15,225.00
Useful Life	42		
		Assigned Reserves at FYB	$14,642.86
Remaining Life	1	Monthly Member Contribution	$28.96
Replacement Year	2019	Monthly Interest Contribution	$7.57
		Total Monthly Contribution	$36.52

Comments:

This client has advised us to budget $15,000 for the removal & replacement of oleanders in 2019.

This is a one time expense.

Colony Biltmore Greens

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Oleanders - Remove & Replace (2020)

One Time Replacement

Category	100 Grounds	Quantity	1 total
		Unit Cost	$15,000.000
		% of Replacement	100.00%
		Current Cost	$15,000.00
Placed In Service	01/77	Future Cost	$15,453.38
Useful Life	43		
		Assigned Reserves at FYB	$14,302.33
Remaining Life	2	Monthly Member Contribution	$28.59
Replacement Year	2020	Monthly Interest Contribution	$7.39
		Total Monthly Contribution	$35.98

Comments:

This client has advised us to budget $15,000 for the removal & replacement of oleanders in 2020.

This is a one time expense.

Oleanders - Remove & Replace (2021)

One Time Replacement

Category	100 Grounds	Quantity	1 total
		Unit Cost	$15,000.000
		% of Replacement	100.00%
		Current Cost	$15,000.00
Placed In Service	01/77	Future Cost	$15,685.18
Useful Life	44		
		Assigned Reserves at FYB	$13,977.27
Remaining Life	3	Monthly Member Contribution	$28.23
Replacement Year	2021	Monthly Interest Contribution	$7.22
		Total Monthly Contribution	$35.45

Comments:

This client has advised us to budget $15,000 for the removal & replacement of oleanders in 2021.

This is a one time expense.

Colony Biltmore Greens

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Oleanders - Remove & Replace (2022)

One Time Replacement

Category	100 Grounds	Quantity	1 total
		Unit Cost	$15,000.000
		% of Replacement	100.00%
		Current Cost	$15,000.00
Placed In Service	01/77	Future Cost	$15,920.45
Useful Life	45		
		Assigned Reserves at FYB	$13,666.67
Remaining Life	4	Monthly Member Contribution	$27.90
Replacement Year	2022	Monthly Interest Contribution	$7.06
		Total Monthly Contribution	$34.97

Comments:

This client has advised us to budget $15,000 for the removal & replacement of oleanders in 2022.

This is a one time expense.

The client has not requested anything be included for the removal & replacement of oleanders beyond 2022.

Sissou Trees - Remove & Replace (2018)

One Time Replacement

Category	100 Grounds	Quantity	1 total
		Unit Cost	$15,000.000
		% of Replacement	100.00%
		Current Cost	$15,000.00
Placed In Service	01/77	Future Cost	$0.00
Useful Life	41		
		Assigned Reserves at FYB	$15,000.00
Remaining Life	0	Monthly Member Contribution	$0.00
Replacement Year	2018	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

This client has advised us to budget $15,000 for the removal & replacement of sissou trees with a different type of tree in 2018.

This is a one time expense.

Colony Biltmore Greens

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Street Sign Structures

Category	100 Grounds	Quantity	1 total
		Unit Cost	$27,500.000
		% of Replacement	100.00%
		Current Cost	$27,500.00
Placed In Service	01/17	Future Cost	$49,148.28
Useful Life	40		
		Assigned Reserves at FYB	$0.00
Remaining Life	39	Monthly Member Contribution	$65.96
Replacement Year	2057	Monthly Interest Contribution	$0.26
		Total Monthly Contribution	$66.22

Comments:

$27,190 was spent in 2016/2017 to replace the street sign structures. The client has advised us to budget for similar work every 40 years.

Colony Biltmore Greens

Detail Report Index

Number of components included in this reserve analysis is 28.