


**LEVEL 3
RESERVE STUDY update
FOR
BELLA VISTA HOMES
HOMEOWNER'S ASSOCIATION
Medford, OR**

January 1, 2016 – December 31,, 2016

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Bella Vista Homes Homeowner's Association Disclosures

This reserve study should be reviewed carefully. It may not include all common and limited common element components which will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay, on demand, as a special assessment, your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.

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This reserve study encompasses a period of 30 years beginning with on *January 1, 2016* and ending on *December 31, 2045*. The National Reserve Study Guidelines established by the *Community Associations Institute (CAI)* recommend that the annual reserve study update include a new onsite assessment every 3 years.

Oregon state law (ORS 100) requires that this reserve study be updated annually. Failure to update the reserve study may result in the rejection of mortgage loan applications by some mortgage lenders and is a breach of the fiduciary duty of the board of directors.

If the reader has obtained this reserve study from anyone other than representatives of Capital Reserve Consultants, LLC, they should verify that this version represents the most recent update of the Association's reserve study. Alterations made to this reserve study by any individual other than a representative of Capital Reserve Consultants, LLC (CRC) are not authorized and do not represent the opinion of the reserve advisors who prepared this reserve study.

Carson M. Horton, RS, the person supervising the preparation of this reserve study, is a Community Associations Institute Certified *Reserve Specialist (RS)*; recognized for expertise in the preparation and analysis of reserve funding plans.

The authors of this reserve study have no other involvement with the *Bella Vista Homes Homeowner's Association* other than to prepare or update the reserve study.

Capital Reserve Consultants, LLC and Carson M. Horton, RS, are independent third party consultants with no actual or apparent conflict of interest which would prevent them from rendering an objective and impartial opinion regarding the appropriate level of reserve funding for the association which is the subject of this reserve study.

The purpose of this reserve study is to provide a planning and budgeting tool to assist in the development of a long range financial plan for the owners association. Because this reserve study relies on assumptions regarding future events over which CRC has no control, the accuracy of replacement costs and scheduling cannot be guaranteed.

For the purposes of this reserve study all components and equipment are assumed to have been installed correctly, in a workmanlike manner, using generally accepted construction practices. It is expected routine preventive maintenance will be performed throughout the entire lifecycle of all components whether or not such maintenance expenses are provided for in this reserve funding plan or not. The component replacement schedules and corresponding funding projections presented in this reserve study assume all components will achieve their normal life expectancy before requiring replacement; unless otherwise noted.

Information regarding the beginning reserve fund balance was provided by the Board of Directors and is assumed to be correct for the purposes of this reserve study.

The authors of this reserve study have no control over whether a special assessment will occur at any time

**Bella Vista Homes Homeowner's Association
Disclosures**

during or after the period of time covered in this reserve study. CRC makes no guarantee, express or implied, that a special assessment will not occur during the time period covered by this reserve study.

The reserve study is a reflection of information provided to CRC by third parties and cannot be used for the purpose of performing an audit, forensic analysis or verification of historical records. Information regarding the financial condition of the owners association, including the projected reserve fund balance as of the beginning date of the study, has been provided by of the board of directors. The information is deemed reliable, but is not based on an audit of the association's financial condition, and should not be used for purposes other than those intended in this study. An on-site inspection conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

Information which has been provided to CRC by third parties is deemed reliable for the purpose of this reserve study. Third party information which is incorrect may have a material impact on the Association's reserve funding requirements. CRC takes no responsibility for the accuracy of any such information or the impact inaccurate information may have on the findings and conclusions presented in this reserve study.

This reserve study was prepared in accordance with nationally recognized guidelines for the preparation of reserve studies for common interest developments established by the Community Associations Institute; and the rules set forth in the Audit & Accounting Guide Common Interest Realty Associations (May 1, 2008), published by the American Institute of Certified Public Accountants for maintaining a fund for Future Major Repairs and Replacements.

No invasive or destructive testing has been employed in the investigative phase of this study and no environmental assessment of any kind was performed. This reserve study is not intended to address or discover construction defects and no representation is made herein that is meant to imply any such warranty.

Bella Vista Homes Homeowner's Association

Introduction

1. Level of Inquiry: This reserve study is a Level 3 Reserve Study of a previous reserve study that was prepared by Capital Reserve Consultants, LLC in 2014. A Level 3 Reserve Study is an update of a previous study which does not include a site visit by the reserve study provider.

Information regarding the component inventory, current condition and remaining useful life of the common area components pertaining to the *Bella Vista Homes Homeowner's Association* (hereafter referred to as the "Association") was obtained during a site visit to the subject property by representatives of Capital Reserve Consultants, LLC in February of 2014.

This Reserve Study is an analysis of the General and Limited Common Elements which are the responsibility of the Association to maintain and replace, according to the governing documents; or as may be required by state law.

Opinions regarding the current condition and remaining life expectancy of the common area components are based on visual observations made during the inspection process. Component quantities may be based on field measurements, a physical inventory and/or association records. This information is intended to be used for developing long term reserve funding projections, but should not be considered adequate for the purpose of ordering materials or formulating repair and replacement project costs.

2. -General Description: The subject property is a planned development consisting of 107 detached single-family homes in a suburban setting in Medford, OR. The Association is responsible for the maintenance repair and replacement of General and Limited Common Elements which include, but may not be limited to, the following common area improvements:

- Water features
- Perimeter fencing
- Common area landscaping & irrigation
- Common area pathways
- Asphalt paved roads
- Cluster mailboxes
- Monuments & signage

3. Limitations of the Analysis: The physical condition assessment performed in conjunction with this reserve study is not intended to identify construction defects or other sub-standard conditions which may require immediate corrective action. The reserve study utilizes information obtained from the following sources to arrive at component replacement costs and useful life estimates for the common area components identified in the component inventory:

- RS Means CostWorks – 2013-2015
- Life Cycle Costing for Facilities – (Reed Construction Publishers)
- Study of Life Expectancy of Home Components – 2007 (NAHB)
- Preventive Maintenance and Building Operations Efficiency – (BOMA)
- Facility Manager's Maintenance Handbook – (McGraw-Hill)
- RS Means Facilities Maintenance & Repair Cost Data - 16th Edition

4. Funding Timeframe: The funding time frame covered in this reserve study is 30 years. However, the study must be updated annually to remain current. Failure to maintain a current reserve study may affect the ability of owners and prospective buyers to obtain certain types of mortgage financing. The efficacy of any reserve study will be compromised if annual updates are not completed in a timely manner. Reserve studies which are not updated on an annual basis are not considered current by most mortgage lenders and mortgage insurance underwriters, including the Federal Housing Administration.

Bella Vista Homes Homeowner's Association
Introduction

5. Distribution of Accumulated Reserves: This report provides a summarized listing of how the accumulated reserves have been allocated as of the beginning date of the Association's upcoming fiscal year. Accumulated reserves are those reserve which have already been collected and are available for spending as of the beginning date of the reserve study.

Unless regular assessments, including reserve contributions, are collected annually and are due at the beginning of the Association's fiscal year, reserve contributions scheduled for the current fiscal year will not be included in the allocation of accumulated reserves.

The allocation of reserves is based on the chronological schedule of reserve expenditures. Hence, reserve expenditures which are scheduled to occur in the near term will be allocated a portion of the accumulated reserves at a sufficient rate so that 100% of the projected replacement cost will be available as of the first day of the budget year in which the expenditure is scheduled to occur. Expenditures scheduled to occur many years into the future may, or may not be allocated a portion of the accumulated reserves, depending on factors unique to each situation.

Unless the Association's reserve account is 100% funded in each of the 30 years covered by the reserve study, there will always be reserve expenditures which receive no allocation of accumulated reserves. Funding for these expenses will begin at a future date, in advance of the year when the expenditure is scheduled to occur.

SECTION I

PHYSICAL ANALYSIS

**Bella Vista Homes Homeowner's Association
Property Summary**

The following details pertain to *Bella Vista Homes Homeowner's Association*:

- 1. Legal Name of Association:** Bella Vista Homes Homeowner's Association
- 2. Physical Address:** 3601 Camina Drive, Medford, OR 97504
- 3. Mailing Address:** Crystal Lake Property Management
P.O. Box 8550
Bend, OR 97708
- 4. Property Type:** Planned development
- 5. Number of Residential Lots:** 107
- 6. Year Constructed:** 2006
- 7. Incorporation** May 25, 2006
- 8. Association Responsibilities:** The Association is responsible for repair and replacement of General and Limited Common Elements as described in the Declaration for the Bella Vista Homeowner's Association.
- 9. Owner Responsibilities:** Owners are responsible for the maintenance, repair and replacement costs relating to their homes up to the boundary of their respective lot.

SECTION II

FINANCIAL ANALYSIS

Bella Vista Homes Homeowner's Association
Current & Projected Funding Analysis

1. Current Financial Condition: The budget year for the *Bella Vista Homes Homeowner's Association* begins January 1st and ends on December 31st of each year.

This reserve study covers the 30 year period between: **January 1, 2016** and **December 31, 2045**.

The beginning reserve fund balance assumed in this reserve study is: **\$45,217.00**.

Based on the funding schedule set forth in this reserve study, and the beginning reserve fund balance indicated above, the percent funded level as of **January 1, 2016** will be: **59%**

2. Percent Funded Level: The percent funded level resulting from this reserve study analysis is calculated using the following formula, which is mandated by the Community Associations Institute's Reserve Study Guidelines:

Fully Funded = PV x CA / EUL.

Where PV = present value; CA = current age; and EUL = expected useful life.

Hence the Fully Funded calculation for a component with a current age of 3 years, a present value of \$10,000 and an expected useful life of 10 years would be:

$\$10,000 \times 3 / 10 = \$3,000.00$.

Therefore, the total amount of money required to be Fully Funded as of the first day of the current funding cycle would be \$3,000.00.

3. Funding Parameters & Projections: Reserve funds will be accumulated in the replacement fund based on the estimated current replacement cost, adjusted for inflation, of the common area components listed in the Component Inventory. If additional funds are required at the time replacement occurs, the Association reserves the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay repair or replacement of components until funds are available.

Actual costs may vary from the amounts established in this reserve study. Investment income and income tax levels may affect reserve funding levels and the variances may be material. Amounts accumulated in the replacement reserve fund may not be adequate to meet future funding requirements; particularly if updates are not performed in a timely manner, or if reserve contributions are not consistent with the amounts set forth in this reserve study.

The reserve funding projections which result from this reserve study utilize the following financial parameters:

- A minimum reserve fund balance of **\$45,217.00** as of **January 1, 2016**.
- A minimum reserve fund contribution for **2016** in the amount of: **\$15,000.00**.
- A maximum annual increase in the reserve contribution of: **3.0%**.
- Earnings on reserve deposits: **0.15%**
- Annual inflation rate: **3.0%**
- Effective income tax rate: **30%**
- Reserve fund contingency: **3%***

Bella Vista Homes Homeowner's Association
Current & Projected Funding Analysis

* Assuming a beginning reserve fund balance of **\$45,217.00** and reserve fund contingency of **3%**, the available contingency funds available as of **January 1, 2016** will be: **\$1,357.00**.

The *Annual Reserve Fund Expenditure Detail* indicates the next reserve expenditures scheduled to occur will be in the year **2017**.

The total amount of these expenditures is estimated to be: **\$19,199.00**.

4. Percent Funded Levels: The 30 year funding projection contained in this reserve study utilizes a cash flow funding method known as *Current Assessment Funding*. Current Assessment Funding is a reserve funding model in which the first year, or *current*, reserve fund contribution is established by the board of directors or the *Reserve Specialist*.

Current Assessment Funding: The percent funded level under the Current Assessment Funding Projection will be **67%** at the end of **2016** assuming the reserve fund activity is consistent with the schedule set forth in this study.

The Current Assessment Funding Projection begins with reserve fund contribution of **\$15,000.00** in **2016** which equals **\$140.19** per lot based on **107** lots.

The highest percent funded level after **2016** is **74%** in **2025**.

The lowest percent funded level after **2016** is **27%** in **2037**.

The Current Assessment Funding Projection included in this reserve study represents the minimum recommended contribution schedule required to meet the reserve funding obligations set forth in this reserve study for the next 30 years, assuming a beginning reserve fund balance of **\$45,217.00**; a **2016** contribution of **\$15,000.00** and a minimum year-end reserve fund balance of **\$40,000** in all years covered by this reserve study.

Bella Vista Homes Homeowner's Association
Distribution of Accumulated Reserves

Report Date October 15, 2015
 Beginning Fiscal Year January 01, 2016
 Account Number OR-1408-0002

Version Number LEVEL 3

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Asphalt Sealcoat-Camina Drive (Tract G)	1	2017	1,008	1,008
Asphalt Sealcoat-Carino Lane (Tract F)	1	2017	2,848	2,848
Asphalt Sealcoat-Lastrada Circle	1	2017	7,760	7,760
Asphalt Sealcoat-Parking Area	1	2017	1,152	1,152
Asphalt Sealcoat-Pathway-Tract B	1	2017	320	320
Asphalt Sealcoat-Pathway-Tract C	1	2017	368	368
Asphalt Sealcoat-Sorrento Lane (Tract K)	1	2017	1,456	1,456
Landscape Lighting	2	2018	2,917	2,917
Water Feature Pumps	2	2018	3,667	3,667
Common Area Irrigation Controllers	5	2021	3,683	3,683
Water Feature Lighting	5	2021	340	340
Irrigation System Upgrade-Park Area	8	2024	1,389	1,389
Landscape Renovation-Park Area	8	2024	4,167	4,167
Irrigation System Upgrade-Entrances	10	2026	3,750	3,750
Landscape Renovation-East Entrance	10	2026	2,500	2,500
Landscape Renovation-North Entrance	10	2026	2,500	2,500
Landscape Renovation-West Entrance	10	2026	2,500	2,500
Common Area Sidewalks-Safety Repair	14	2030	225	225
Cluster Mailboxes	16	2032	*1,311	5,077
Signs-Replacement Allowance	16	2032		140
Asphalt Overlay-Camina Drive (Tract G)	21	2037		1,361
Asphalt Overlay-Carino Lane (Tract F)	21	2037		3,845
Asphalt Overlay-Lastrada Circle	21	2037		10,476
Asphalt Overlay-Parking Area	21	2037		1,555
Asphalt Overlay-Pathway-Tract B	21	2037		432
Asphalt Overlay-Pathway-Tract C	21	2037		497
Asphalt Overlay-Sorrento Lane (Tract K)	21	2037		1,966
Chain Link Fencing-Tract B & C	26	2042		5,507

**Bella Vista Homes Homeowner's Association
Distribution of Accumulated Reserves**

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Total Asset Summary			<u>\$43,860</u>	<u>\$73,404</u>
Contingency at 3.00%			<u>\$1,357</u>	<u>\$2,270</u>
Summary Total			\$45,217	\$75,674

'' Indicates Partially Funded*

SECTION III

RESERVE FUNDING PROJECTIONS

Bella Vista Homes Homeowner's Association Explanation of Reserve Funding Projections

This section provides an explanation of the funding models used to develop the annual reserve funding schedules found in this reserve study. Each of the funding projections which follow will generate sufficient reserve contributions to pay for the projected expenditures scheduled in this reserve study, based on the same frequency of expenditure and replacement cost estimates. The differences in the annual contribution levels are impacted by the degree of safety, or margin of error, built into each funding schedule.

This margin of error is illustrated by a concept known as the percent funded level. The percent funded level measures the degree to which the Association's funding program is keeping pace with the economic loss in value of the common area components which are the subject of the reserve study.

In simple terms, if the cumulative loss in value of all common area components is \$100,000 at a particular point in time and the Association's accumulated reserve fund balance totals \$50,000 at that same point in time; then the percent funded level is said to be 50%. The percent funded level is always measured as of the first day of the Association's fiscal year.

For purposes of comparison, a percent funded level of 50% to 60% is generally considered the minimum acceptable level required to maintain a reasonable margin of error in the event any reserve expenditures exceed the amount or frequency set forth in the reserve study. As long as the amount and frequency of the scheduled expenditures do not deviate from those set forth in the reserve study, the Association will always have enough money in its reserve account to pay for scheduled expenditures regardless of what the percent funded level is at any particular point in time.

When the association's reserves are less than 100% funded there is always a risk that a deviation in the funding cycle, or the amount of a scheduled expenditure, could result in the lack of adequate funds to pay for the expense depending on the degree to which the reserves are not fully funded.

For this reason it is generally viewed as a good reserve funding policy to maintain a percent funded level as high as possible. Fully funded reserves, also known as 100% funding, are generally considered to be an "ideal" level of funding, although in most cases a fully funded reserve account is not necessary to maintain an adequate margin of error in the Association's funding plan.

1. Reserve Funding Models: This reserve study contains a reserve funding projection that utilizes a Cash Flow Funding Model known as *Current Assessment Funding*. The funding schedule begins with a reserve fund contribution of **\$15,000.00** for the **2016** budget year; and requires a maximum annual increase of **5.0%** in any year covered by this reserve study.

Cash Flow Funding Model: Cash Flow Funding is a reserve funding approach which is designed to generate sufficient incoming *cash flow* into the Association's reserve account to meet the funding obligations established in the reserve study. Assuming the cost and frequency of reserve expenditures does not deviate from the schedule set forth in the reserve study; the Association's reserve fund will always contain enough money to meet its funding obligations, regardless of the percent funded level at any point in time.

All cash flow funding methods result in the pooling of reserves. Pooled reserves occur when all reserve funds are accumulated in one reserve account and the current reserves are allocated to pay for reserve expenditures based on chronological urgency or discretionary action taken by the Board of Directors. Reserves accumulated in a pooled reserve fund may only be used to pay for current or future reserve obligations and will automatically be reallocated to pay for other scheduled expenditures if 100% of the amount allocated to pay for a specific expenditure is not used to pay for the expense at the time it is scheduled to occur.

Bella Vista Homes Homeowner's Association
Explanation of Reserve Funding Projections

Funds collected for the purpose of providing replacement reserves to pay for repair and replacement of common elements may not be used to pay for operating expenses or any expenses which are not specifically identified as reserve expenditures in the current reserve study.

2. Reserve Funding & Disclosure Requirements: The reserve funding projections presented in this reserve study are intended to serve as a guide to help frame the minimum and maximum funding levels which should be considered by the Association's board of directors.

The Association is not obligated under to adopt any particular method of reserve funding or to maintain any minimum percent funded level. The Association is required to fund the reserve account in an amount which is determined to be *adequate* to meet the reserve funding requirements of the Association, in the opinion of the board of directors.

**Bella Vista Homes Homeowner's Association
Current Assessment Funding Summary**

Report Parameters

Report Date	October 15, 2015	Inflation	3.00%
Account Number	OR-1408-0002	Interest Rate on Reserve Deposit	0.15%
Version	LEVEL 3	Tax Rate on Interest	30.00%
Budget Year Beginning	January 01, 2016	Contingency	3.00%
Budget Year Ending	December 31, 2016		
Total Units	107	2016 Beginning Balance	\$45,217.00
Phase Development	1 of 1		

Current Assessment Funding Model Summary of Calculations

Required Month Contribution	\$1,250.00
<i>\$11.68 per unit monthly</i>	
Average Net Month Interest Earned	<u>\$4.67</u>
Total Month Allocation to Reserves	\$1,254.67
<i>\$11.73 per unit monthly</i>	

**Bella Vista Homes Homeowner's Association
Current Assessment Funding Projection**

Report Date October 15, 2015
 Beginning Fiscal Year January 01, 2016
 Account Number OR-1408-0002

Version Number LEVEL 3

Beginning Balance: \$45,217

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2016	247,787	15,000	56		60,273	89,709	67%
2017	255,221	15,450	52	19,199	56,576	87,063	65%
2018	262,878	15,913	60	8,381	64,168	96,068	67%
2019	270,764	16,391	77		80,635	114,434	70%
2020	278,887	16,883	94		97,612	133,816	73%
2021	287,254	17,389	104	7,785	107,321	146,267	73%
2022	295,871	17,911	100	22,257	103,074	144,664	71%
2023	304,747	18,448	119		121,641	166,468	73%
2024	313,890	19,002	125	12,668	128,100	176,318	73%
2025	323,306	19,572	146		147,818	200,060	74%
2026	333,006	20,159	135	30,238	137,873	193,894	71%
2027	342,996	20,764	128	27,449	131,315	190,989	69%
2028	353,286	21,386	138	11,264	141,577	205,271	69%
2029	363,884	22,028	161		163,766	232,197	71%
2030	374,801	22,689	183	1,531	185,107	258,993	71%
2031	386,045	23,370	208		208,684	288,814	72%
2032	397,626	24,071	178	52,217	180,715	266,393	68%
2033	409,555	25,274	202	1,967	204,225	295,786	69%
2034	421,842	26,538	230		230,992	328,792	70%
2035	434,497	27,865	259		259,115	363,511	71%
2036	447,532	29,258	278	9,979	278,673	389,731	72%
2037	460,958	30,721	28	268,738	40,684	150,742	27%
2038	474,786	32,257	45	15,137	57,848	166,820	35%
2039	489,030	33,870	78	2,349	89,447	197,378	45%
2040	503,701	35,563	114		125,125	232,114	54%
2041	518,812	37,341	153		162,619	268,757	61%
2042	534,376	39,208	57	129,266	72,618	174,125	42%
2043	550,408	41,169	100		113,887	210,835	54%
2044	566,920	43,227	120	22,879	134,355	226,005	59%
2045	583,927	45,389	162	5,190	174,715	260,838	67%

SECTION IV

COMPONENT INVENTORY REPORTS

Bella Vista Homes Homeowner's Association Explanation of Component Inventory Reports

This section of the reserve study provides a narrative summary and tabular compilations of the common area components which are the subject of this reserve funding analysis. A brief explanation of each report contained in this section is included here for those readers who may be unfamiliar with the information provided in a reserve study.

1. Component Inventory Summary: This report provides a summary of the component inventory which is a condensed version of the information found in the Component Detail Reports which appears at the end of Section II. The components are grouped by the component category to which they have been assigned, and are listed within each category according to the remaining life expectancy of the component. Other information found in this report includes the *in-service date*, *current cost*, *useful life*, *remaining life*, *future cost* and *current cost* of each component.

2. Component Inventory by Remaining Life Expectancy: This report displays the component inventory sorted by the remaining life expectancy of each component which is included in the reserve funding schedule. Expenditures which are scheduled to recur more than one time over the 30 year period covered by the study will only appear one time in this list based on the next scheduled year of occurrence. Other information provided in this report includes the next scheduled *year of replacement*, *useful life*, *current cost*, *assigned reserves* and the amount required for each component to be *fully funded* as of the beginning date of the reserve study. If the assigned reserves are equal to the fully funded amount shown in the far right-hand column then the component in question is said to be fully funded.

3. Component Inventory with Current Costs: This report again displays the component inventory by category and remaining life expectancy. It also includes the component quantity based on the unit of measure (SF, SY, LF, etc.), the unit cost which has been used to arrive at the total replacement cost, and the current replacement cost as of the beginning date of the reserve study.

4. Component Detail Reports: This report, which is found in the Appendix, reflects all of the component data which has been input into the modeling database to develop the reserve funding projections contained in the reserve study. If a photographic inventory has been included in the reserve study a picture of each component will also appear in this report. Most of the information contained in this report is also displayed in one or more of the Component Inventory reports found in Section II.

**Bella Vista Homes Homeowner's Association
Component Inventory Summary**

Report Date October 15, 2015
 Beginning Fiscal Year January 01, 2016
 Account Number OR-1408-0002

Version Number LEVEL 3

Description	Asset ID	Date In Service	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Concrete Pavement									
Common Area Sidewalks-Safety Repair		01/01/12	1,012	15	3	14	1,531	675 @	1.50
This component provides funding for repair of the common area sidewalks that extends around the front of the retention pond. Funding is scheduled to occur every 15 years beginning in 2030.									
Fencing & Site Walls									
Chain Link Fencing-Tract B & C		01/01/12	41,300	30	0	26	89,067	2950 @	14.00
This component provides funding for replacement of the vinyl-coated chain link fencing that surrounds the retention pond. Funding is scheduled to occur every 30 years beginning in 2042.									
Landscaping & Irrigation									
Landscape Lighting		01/01/06	3,500	10	2	2	3,713	1 @	3,500.00
This component provides funding for replacement of the in-ground landscape lighting. Funding is scheduled to occur every 10 years beginning in 2018.									
Common Area Irrigation Controllers		07/01/06	5,525	15	0	5	6,405	17 @	325.00
This component provides funding for replacement of the irrigation controllers that serve the common area landscaping. Funding is every 15 years beginning in 2021.									
Irrigation System Upgrade-Park Area		07/01/06	2,500	20	-2	8	3,167	1 @	2,500.00
This component provides funding for renovation of the landscape irrigation system that waters the landscaping in the park area adjacent to Lastrada Circle. Funding is every 20 years beginning in 2024 and includes replacement valves, boxes and sprinkler heads. Replacement of buried water supply piping is not included in this reserve study.									
Landscape Renovation-Park Area		01/01/06	7,500	20	-2	8	9,501	1 @	7,500.00
This component provides funding for renovation of common area landscaping in the park area adjacent to Lastrada Circle. Funding is scheduled to occur every 20 years beginning in 2024. Routine maintenance expenses should be included in the annual operating budget.									
Irrigation System Upgrade-Entrances		07/01/06	7,500	20	0	10	10,079	1 @	7,500.00
This component provides funding for renovation of the landscape irrigation system that waters the landscaping at the entrance and along McAndrews Road. Funding is every 20 years beginning in 2026 and includes replacement valves, boxes and sprinkler heads. Replacement of buried water supply piping is not included in this reserve study.									

**Bella Vista Homes Homeowner's Association
Component Inventory Summary**

Description	Asset ID	Date In Service	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Landscaping & Irrigation continued...									
Landscape Renovation-East Entrance		01/01/06	5,000	20	0	10	6,720	1 @	5,000.00
This component provides funding for renovation of common area landscaping at the east entrance located at McAndrews Road and Veneto Circle. Funding is scheduled to occur every 20 years beginning in 2026. Routine maintenance expenses should be included in the annual operating budget.									
Landscape Renovation-North Entrance		01/01/06	5,000	20	0	10	6,720	1 @	5,000.00
This component provides funding for renovation of common area landscaping at the north entrance located at McAndrews Road and Sorrento Lane. Funding is scheduled to occur every 20 years beginning in 2026. Routine maintenance expenses should be included in the annual operating budget.									
Landscape Renovation-West Entrance		01/01/06	5,000	20	0	10	6,720	1 @	5,000.00
This component provides funding for renovation of common area landscaping at the west entrance located at McAndrews Road and Lastrada Circle. Funding is scheduled to occur every 20 years beginning in 2026. Routine maintenance expenses should be included in the annual operating budget.									
Mailboxes & Signage									
Cluster Mailboxes		01/01/06	13,200	25	1	16	21,182	8 @	1,650.00
This component provides funding for replacement of the pedestal-mounted cluster mailbox. Funding is scheduled to occur every 25 years beginning in 2032.									
Signs-Replacement Allowance		01/01/12	700	20	0	16	1,123	1 @	700.00
This component provides funding for replacement of common area signage. The sign inventory includes one Stop sign; one No parking sign and one informational sign that is mounted to the fence surrounding the retention pond. Funding is scheduled to occur every 20 years beginning in 2032.									
Private Roads & Alleys									
Asphalt Sealcoat-Camina Drive (Tract G)		01/01/12	1,260	5	0	1	1,298	6300 @	0.20
This component provides funding for the application of an asphalt sealcoat on Camina Drive. Funding is scheduled to occur every 5 years beginning in 2017.									
Asphalt Sealcoat-Carino Lane (Tract F)		01/01/12	3,560	5	0	1	3,667	17800 @	0.20
This component provides funding for the application of an asphalt sealcoat on Carino Lane. Funding is scheduled to occur every 5 years beginning in 2017.									
Asphalt Sealcoat-Lastrada Circle		01/01/12	9,700	5	0	1	9,991	48500 @	0.20
This component provides funding for the application of an asphalt sealcoat on Lastrada Circle. Funding is scheduled to occur every 5 years beginning in 2017.									

**Bella Vista Homes Homeowner's Association
Component Inventory Summary**

Description	Asset ID	Date In Service	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Private Roads & Alleys continued...									
Asphalt Sealcoat-Parking Area		01/01/12	1,440	5	0	1	1,483	7200 @	0.20
This component provides funding for the application of an asphalt sealcoat on the parking area adjacent to West Lastrada Circle. Funding is scheduled to occur every 5 years beginning in 2017.									
Asphalt Sealcoat-Pathway-Tract B		01/01/12	400	5	0	1	412	2000 @	0.20
This component provides funding for the application of an asphalt sealcoat on the walking paths in Tract B. Funding is scheduled to occur every 5 years beginning in 2017.									
Asphalt Sealcoat-Pathway-Tract C		01/01/12	460	5	0	1	474	2300 @	0.20
This component provides funding for the application of an asphalt sealcoat on the walking paths in Tract C. Funding is scheduled to occur every 5 years beginning in 2017.									
Asphalt Sealcoat-Sorrento Lane (Tract K)		01/01/12	1,820	5	0	1	1,875	9100 @	0.20
This component provides funding for the application of an asphalt sealcoat on Sorrento Lane. Funding is scheduled to occur every 5 years beginning in 2017.									
Asphalt Overlay-Camina Drive (Tract G)		01/01/12	8,505	25	0	21	15,822	6300 @	1.35
This component provides funding for the application of an asphalt overlay on Camina Drive. Funding is scheduled to occur every 25 years beginning in 2037.									
Asphalt Overlay-Carino Lane (Tract F)		01/01/12	24,030	25	0	21	44,703	17800 @	1.35
This component provides funding for the application of an asphalt overlay on Carino Lane. Funding is scheduled to occur every 25 years beginning in 2037.									
Asphalt Overlay-Lastrada Circle		01/01/12	65,475	25	0	21	121,803	48500 @	1.35
This component provides funding for the application of an asphalt overlay on Lastrada Circle. Funding is scheduled to occur every 25 years beginning in 2037.									
Asphalt Overlay-Parking Area		01/01/12	9,720	25	0	21	18,082	7200 @	1.35
This component provides funding for the application of an asphalt overlay on the parking area adjacent to West Lastrada Circle. Funding is scheduled to occur every 25 years beginning in 2037.									

**Bella Vista Homes Homeowner's Association
Component Inventory Summary**

Description	Asset ID	Date In Service	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Private Roads & Alleys continued...									
Asphalt Overlay-Pathway-Tract B		01/01/12	2,700	25	0	21	5,023	2000 @	1.35
This component provides funding for the application of an asphalt overlay on the walking path in Tract B. Funding is scheduled to occur every 25 years beginning in 2037.									
Asphalt Overlay-Pathway-Tract C		01/01/12	3,105	25	0	21	5,776	2300 @	1.35
This component provides funding for the application of an asphalt overlay on the walking path in Tract C. Funding is scheduled to occur every 25 years beginning in 2037.									
Asphalt Overlay-Sorrento Lane (Tract K)		01/01/12	12,285	25	0	21	22,854	9100 @	1.35
This component provides funding for the application of an asphalt overlay on Sorrento Lane. Funding is scheduled to occur every 25 years beginning in 2037.									

Water Features

Water Feature Pumps		01/01/06	4,400	10	2	2	4,668	2 @	2,200.00
This component provides funding for replacement of the water feature pumps. Funding is scheduled to occur every 10 years beginning in 2018. Routine maintenance expenses should be included in the annual operating budget.									
Water Feature Lighting		01/01/14	1,190	6	1	5	1,380	7 @	170.00
This component provides funding for replacement of the water feature lighting. This replacement schedule assumes the lights were replaced in 2014 or 2015.									

Bella Vista Homes Homeowner's Association
Component Inventory by Remaining Life Expectancy

Report Date October 15, 2015
 Beginning Fiscal Year January 01, 2016
 Account Number OR-1408-0002

Version Number LEVEL 3

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Asphalt Sealcoat-Camina Drive (Tract G)	2017	5	0	1	1,260	1,008	1,008
Asphalt Sealcoat-Carino Lane (Tract F)	2017	5	0	1	3,560	2,848	2,848
Asphalt Sealcoat-Lastrada Circle	2017	5	0	1	9,700	7,760	7,760
Asphalt Sealcoat-Parking Area	2017	5	0	1	1,440	1,152	1,152
Asphalt Sealcoat-Pathway-Tract B	2017	5	0	1	400	320	320
Asphalt Sealcoat-Pathway-Tract C	2017	5	0	1	460	368	368
Asphalt Sealcoat-Sorrento Lane (Tract K)	2017	5	0	1	1,820	1,456	1,456
Landscape Lighting	2018	10	2	2	3,500	2,917	2,917
Water Feature Pumps	2018	10	2	2	4,400	3,667	3,667
Common Area Irrigation Controllers	2021	15	0	5	5,525	3,683	3,683
Water Feature Lighting	2021	6	1	5	1,190	340	340
Irrigation System Upgrade-Park Area	2024	20	-2	8	2,500	1,389	1,389
Landscape Renovation-Park Area	2024	20	-2	8	7,500	4,167	4,167
Irrigation System Upgrade-Entrances	2026	20	0	10	7,500	3,750	3,750
Landscape Renovation-East Entrance	2026	20	0	10	5,000	2,500	2,500
Landscape Renovation-North Entrance	2026	20	0	10	5,000	2,500	2,500
Landscape Renovation-West Entrance	2026	20	0	10	5,000	2,500	2,500
Common Area Sidewalks-Safety Repair	2030	15	3	14	1,012	225	225
Cluster Mailboxes	2032	25	1	16	13,200	1,311	5,077
Signs-Replacement Allowance	2032	20	0	16	700	0	140
Asphalt Overlay-Camina Drive (Tract G)	2037	25	0	21	8,505	0	1,361
Asphalt Overlay-Carino Lane (Tract F)	2037	25	0	21	24,030	0	3,845
Asphalt Overlay-Lastrada Circle	2037	25	0	21	65,475	0	10,476
Asphalt Overlay-Parking Area	2037	25	0	21	9,720	0	1,555
Asphalt Overlay-Pathway-Tract B	2037	25	0	21	2,700	0	432
Asphalt Overlay-Pathway-Tract C	2037	25	0	21	3,105	0	497
Asphalt Overlay-Sorrento Lane (Tract K)	2037	25	0	21	12,285	0	1,966
Chain Link Fencing-Tract B & C	2042	30	0	26	41,300	0	5,507
Total Asset Summary					<u>\$247,787</u>	<u>\$43,860</u>	<u>\$73,404</u>
Contingency at 3.00%						<u>\$1,357</u>	<u>\$2,270</u>
Summary Total						<u>\$45,217</u>	<u>\$75,674</u>

**Bella Vista Homes Homeowner's Association
Component Inventory with Current Costs**

Report Date October 15, 2015
 Beginning Fiscal Year January 01, 2016
 Account Number OR-1408-0002

Version Number LEVEL 3

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
Concrete Pavement								
Common Area Sidewalks-Safety Repair	2012	2030	15	3	14	675 SF	1.50	<u>1,012</u>
Concrete Pavement - Total								\$1,012
Fencing & Site Walls								
Chain Link Fencing-Tract B & C	2012	2042	30	0	26	2,950 LF	14.00	<u>41,300</u>
Fencing & Site Walls - Total								\$41,300
Landscaping & Irrigation								
Landscape Lighting	2006	2018	10	2	2	1 Total	3,500.00	3,500
Common Area Irrigation Controllers	2006	2021	15	0	5	17 EA	325.00	5,525
Irrigation System Upgrade-Park Area	2006	2024	20	-2	8	1 Total	2,500.00	2,500
Landscape Renovation-Park Area	2006	2024	20	-2	8	1 Total	7,500.00	7,500
Irrigation System Upgrade-Entrances	2006	2026	20	0	10	1 Total	7,500.00	7,500
Landscape Renovation-East Entrance	2006	2026	20	0	10	1 Total	5,000.00	5,000
Landscape Renovation-North Entrance	2006	2026	20	0	10	1 Total	5,000.00	5,000
Landscape Renovation-West Entrance	2006	2026	20	0	10	1 Total	5,000.00	<u>5,000</u>
Landscaping & Irrigation - Total								\$41,525
Mailboxes & Signage								
Cluster Mailboxes	2006	2032	25	1	16	8 EA	1,650.00	13,200
Signs-Replacement Allowance	2012	2032	20	0	16	1 Total	700.00	<u>700</u>
Mailboxes & Signage - Total								\$13,900
Private Roads & Alleys								
Asphalt Sealcoat-Camina Drive (Tract G)	2012	2017	5	0	1	6,300 SF	0.20	1,260
Asphalt Sealcoat-Carino Lane (Tract F)	2012	2017	5	0	1	17,800 SF	0.20	3,560
Asphalt Sealcoat-Lastrada Circle	2012	2017	5	0	1	48,500 SF	0.20	9,700
Asphalt Sealcoat-Parking Area	2012	2017	5	0	1	7,200 SF	0.20	1,440
Asphalt Sealcoat-Pathway-Tract B	2012	2017	5	0	1	2,000 SF	0.20	400
Asphalt Sealcoat-Pathway-Tract C	2012	2017	5	0	1	2,300 SF	0.20	460
Asphalt Sealcoat-Sorrento Lane (Tract K)	2012	2017	5	0	1	9,100 SF	0.20	1,820
Asphalt Overlay-Camina Drive (Tract G)	2012	2037	25	0	21	6,300 SF	1.35	8,505
Asphalt Overlay-Carino Lane (Tract F)	2012	2037	25	0	21	17,800 SF	1.35	24,030
Asphalt Overlay-Lastrada Circle	2012	2037	25	0	21	48,500 SF	1.35	65,475
Asphalt Overlay-Parking Area	2012	2037	25	0	21	7,200 SF	1.35	9,720
Asphalt Overlay-Pathway-Tract B	2012	2037	25	0	21	2,000 SF	1.35	2,700
Asphalt Overlay-Pathway-Tract C	2012	2037	25	0	21	2,300 SF	1.35	3,105
Asphalt Overlay-Sorrento Lane (Tract K)	2012	2037	25	0	21	9,100 SF	1.35	12,285

**Bella Vista Homes Homeowner's Association
Component Inventory with Current Costs**

Description	Date in Service	Replacement Year	Useful	Adjustment Remaining	Units	Unit Cost	Current Cost
<i>Private Roads & Alleys continued...</i>							
Private Roads & Alleys - Total							\$144,460
Water Features							
Water Feature Pumps	2006	2018	10	2	2 Total	2,200.00	4,400
Water Feature Lighting	2014	2021	6	1	7 Ea	170.00	<u>1,190</u>
Water Features - Total							\$5,590
Total Asset Summary							<u>\$247,787</u>

SECTION V

RESERVE EXPENDITURE REPORTS

Bella Vista Homes Homeowner's Association Explanation of Expenditure Reports

This section of the reserve study includes a series of reports which detail how the Association's reserve funds will be spent over the next 30 years. A brief explanation of each report contained in this section is included here for those readers who may be unfamiliar with the information provided in a reserve study.

1. Annual Reserve Expenditure Detail: This report provides a year by year summary of the reserve fund expenditures scheduled for each year covered in the reserve study. Expenditures are listed alphabetically in each year when they are scheduled to occur. Hence, an expenditure which is scheduled to occur every 5 years beginning in 2015 will appear for the first time under the 2015 heading and again in years 2020, 2025, 2030 and so on. The projected costs listed for each year take into account the effect of inflation on future replacement costs. Therefore, the replacement cost for a recurring expenditure will be higher each time it appears in this schedule.

3. Capital & Non-Capital Expenditures: This report groups the scheduled reserve expenditures under one of two categories; *Capital Expenditures* or *Non-Capital Expenditures*. In the context of a reserve study capital expenditures are generally defined as expenditures which are for the purpose of *replacing, improving or prolonging* the life expectancy of a common area asset. Non-capital expenditures are expenses incurred to maintain or repair common area assets, but which are not necessarily expected to improve or extend the life expectancy of the asset.

**Bella Vista Homes Homeowner's Association
Annual Reserve Expenditure Detail**

Report Date October 15, 2015
 Beginning Fiscal Year January 01, 2016
 Account Number OR-1408-0002

Version Number LEVEL 3

Description	Expenditures
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No Replacement in 2016

Replacement Year 2017

Private Roads & Alleys

Asphalt Sealcoat-Camina Drive (Tract G)	1,298
Asphalt Sealcoat-Carino Lane (Tract F)	3,667
Asphalt Sealcoat-Lastrada Circle	9,991
Asphalt Sealcoat-Parking Area	1,483
Asphalt Sealcoat-Pathway-Tract B	412
Asphalt Sealcoat-Pathway-Tract C	474
Asphalt Sealcoat-Sorrento Lane (Tract K)	1,875

Total for 2017	\$19,199
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Replacement Year 2018

Landscaping & Irrigation

Landscape Lighting	3,713
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Water Features

Water Feature Pumps	4,668
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Total for 2018	\$8,381
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No Replacement in 2019

No Replacement in 2020

Replacement Year 2021

Landscaping & Irrigation

Common Area Irrigation Controllers	6,405
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Water Features

Water Feature Lighting	1,380
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Total for 2021	\$7,785
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**Bella Vista Homes Homeowner's Association
Annual Reserve Expenditure Detail**

Description	Expenditures
Replacement Year 2022	
Private Roads & Alleys	
Asphalt Sealcoat-Camina Drive (Tract G)	1,505
Asphalt Sealcoat-Carino Lane (Tract F)	4,251
Asphalt Sealcoat-Lastrada Circle	11,582
Asphalt Sealcoat-Parking Area	1,719
Asphalt Sealcoat-Pathway-Tract B	478
Asphalt Sealcoat-Pathway-Tract C	549
Asphalt Sealcoat-Sorrento Lane (Tract K)	2,173
Total for 2022	\$22,257
 <i>No Replacement in 2023</i>	
Replacement Year 2024	
Landscaping & Irrigation	
Irrigation System Upgrade-Park Area	3,167
Landscape Renovation-Park Area	9,501
Total for 2024	\$12,668
 <i>No Replacement in 2025</i>	
Replacement Year 2026	
Landscaping & Irrigation	
Irrigation System Upgrade-Entrances	10,079
Landscape Renovation-East Entrance	6,720
Landscape Renovation-North Entrance	6,720
Landscape Renovation-West Entrance	6,720
Total for 2026	\$30,238
 Replacement Year 2027	
Private Roads & Alleys	
Asphalt Sealcoat-Camina Drive (Tract G)	1,744
Asphalt Sealcoat-Carino Lane (Tract F)	4,928
Asphalt Sealcoat-Lastrada Circle	13,427

**Bella Vista Homes Homeowner's Association
Annual Reserve Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2027 continued...</i>	
Asphalt Sealcoat-Parking Area	1,993
Asphalt Sealcoat-Pathway-Tract B	554
Asphalt Sealcoat-Pathway-Tract C	637
Asphalt Sealcoat-Sorrento Lane (Tract K)	2,519
Water Features	
Water Feature Lighting	1,647
Total for 2027	<u>\$27,449</u>
 Replacement Year 2028	
Landscaping & Irrigation	
Landscape Lighting	4,990
Water Features	
Water Feature Pumps	6,273
Total for 2028	<u>\$11,264</u>
 <i>No Replacement in 2029</i>	
 Replacement Year 2030	
Concrete Pavement	
Common Area Sidewalks-Safety Repair	1,531
Total for 2030	<u>\$1,531</u>
 <i>No Replacement in 2031</i>	
 Replacement Year 2032	
Mailboxes & Signage	
Signs-Replacement Allowance	1,123
Cluster Mailboxes	21,182
Private Roads & Alleys	
Asphalt Sealcoat-Camina Drive (Tract G)	2,022
Asphalt Sealcoat-Carino Lane (Tract F)	5,713
Asphalt Sealcoat-Lastrada Circle	15,566
Asphalt Sealcoat-Parking Area	2,311

**Bella Vista Homes Homeowner's Association
Annual Reserve Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2032 continued...</i>	
Asphalt Sealcoat-Pathway-Tract B	642
Asphalt Sealcoat-Pathway-Tract C	738
Asphalt Sealcoat-Sorrento Lane (Tract K)	2,921
Total for 2032	<u>\$52,217</u>
 Replacement Year 2033	
Water Features	
Water Feature Lighting	1,967
Total for 2033	<u>\$1,967</u>
 <i>No Replacement in 2034</i>	
<i>No Replacement in 2035</i>	
 Replacement Year 2036	
Landscaping & Irrigation	
Common Area Irrigation Controllers	9,979
Total for 2036	<u>\$9,979</u>
 Replacement Year 2037	
Private Roads & Alleys	
Asphalt Sealcoat-Camina Drive (Tract G)	2,344
Asphalt Sealcoat-Carino Lane (Tract F)	6,623
Asphalt Sealcoat-Lastrada Circle	18,045
Asphalt Sealcoat-Parking Area	2,679
Asphalt Sealcoat-Pathway-Tract B	744
Asphalt Sealcoat-Pathway-Tract C	856
Asphalt Sealcoat-Sorrento Lane (Tract K)	3,386
Asphalt Overlay-Camina Drive (Tract G)	15,822
Asphalt Overlay-Carino Lane (Tract F)	44,703
Asphalt Overlay-Lastrada Circle	121,803
Asphalt Overlay-Parking Area	18,082
Asphalt Overlay-Pathway-Tract B	5,023
Asphalt Overlay-Pathway-Tract C	5,776

**Bella Vista Homes Homeowner's Association
Annual Reserve Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2037 continued...</i>	
Asphalt Overlay-Sorrento Lane (Tract K)	22,854
Total for 2037	<u>\$268,738</u>
 Replacement Year 2038	
Landscaping & Irrigation	
Landscape Lighting	6,706
Water Features	
Water Feature Pumps	8,431
Total for 2038	<u>\$15,137</u>
 Replacement Year 2039	
Water Features	
Water Feature Lighting	2,349
Total for 2039	<u>\$2,349</u>
 <i>No Replacement in 2040</i>	
<i>No Replacement in 2041</i>	
 Replacement Year 2042	
Fencing & Site Walls	
Chain Link Fencing-Tract B & C	89,067
Private Roads & Alleys	
Asphalt Sealcoat-Camina Drive (Tract G)	2,717
Asphalt Sealcoat-Carino Lane (Tract F)	7,677
Asphalt Sealcoat-Lastrada Circle	20,919
Asphalt Sealcoat-Parking Area	3,105
Asphalt Sealcoat-Pathway-Tract B	863
Asphalt Sealcoat-Pathway-Tract C	992
Asphalt Sealcoat-Sorrento Lane (Tract K)	3,925
Total for 2042	<u>\$129,266</u>
 <i>No Replacement in 2043</i>	
 Replacement Year 2044	
Landscaping & Irrigation	
Irrigation System Upgrade-Park Area	5,720

**Bella Vista Homes Homeowner's Association
Annual Reserve Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2044 continued...</i>	
Landscape Renovation-Park Area	17,159
Total for 2044	<u>\$22,879</u>
Replacement Year 2045	
Concrete Pavement	
Common Area Sidewalks-Safety Repair	2,386
Water Features	
Water Feature Lighting	2,804
Total for 2045	<u>\$5,190</u>

**Bella Vista Homes Homeowner's Association
Capital & Non-Capital Reserve Expenditures**

Description	Date in Service	Replacement Year	Useful	Adjustment	Remaining	Units	Unit Cost	Current Cost
Capital Expenditures								
Asphalt Overlay-Camina Drive (Tract G)	2012	2037	25	0	21	6,300 SF	1.35	8,505
Asphalt Overlay-Carino Lane (Tract F)	2012	2037	25	0	21	17,800 SF	1.35	24,030
Asphalt Overlay-Lastrada Circle	2012	2037	25	0	21	48,500 SF	1.35	65,475
Asphalt Overlay-Parking Area	2012	2037	25	0	21	7,200 SF	1.35	9,720
Asphalt Overlay-Pathway-Tract B	2012	2037	25	0	21	2,000 SF	1.35	2,700
Asphalt Overlay-Pathway-Tract C	2012	2037	25	0	21	2,300 SF	1.35	3,105
Asphalt Overlay-Sorrento Lane (Tract K)	2012	2037	25	0	21	9,100 SF	1.35	12,285
Asphalt Sealcoat-Camina Drive (Tract G)	2012	2017	5	0	1	6,300 SF	0.20	1,260
Asphalt Sealcoat-Carino Lane (Tract F)	2012	2017	5	0	1	17,800 SF	0.20	3,560
Asphalt Sealcoat-Lastrada Circle	2012	2017	5	0	1	48,500 SF	0.20	9,700
Asphalt Sealcoat-Parking Area	2012	2017	5	0	1	7,200 SF	0.20	1,440
Asphalt Sealcoat-Pathway-Tract B	2012	2017	5	0	1	2,000 SF	0.20	400
Asphalt Sealcoat-Pathway-Tract C	2012	2017	5	0	1	2,300 SF	0.20	460
Asphalt Sealcoat-Sorrento Lane (Tract K)	2012	2017	5	0	1	9,100 SF	0.20	1,820
Chain Link Fencing-Tract B & C	2012	2042	30	0	26	2,950 LF	14.00	41,300
Cluster Mailboxes	2006	2032	25	1	16	8 EA	1,650.00	13,200
Common Area Irrigation Controllers	2006	2021	15	0	5	17 EA	325.00	5,525
Irrigation System Upgrade-Entrances	2006	2026	20	0	10	1 Total	7,500.00	7,500
Irrigation System Upgrade-Park Area	2006	2024	20	-2	8	1 Total	2,500.00	2,500
Landscape Lighting	2006	2018	10	2	2	1 Total	3,500.00	3,500
Landscape Renovation-East Entrance	2006	2026	20	0	10	1 Total	5,000.00	5,000
Landscape Renovation-North Entrance	2006	2026	20	0	10	1 Total	5,000.00	5,000
Landscape Renovation-Park Area	2006	2024	20	-2	8	1 Total	7,500.00	7,500
Landscape Renovation-West Entrance	2006	2026	20	0	10	1 Total	5,000.00	5,000
Signs-Replacement Allowance	2012	2032	20	0	16	1 Total	700.00	700
Water Feature Lighting	2014	2021	6	1	5	7 Ea	170.00	1,190
Water Feature Pumps	2006	2018	10	2	2	2 Total	2,200.00	4,400
Capital Expenditures - Total								<u>\$246,775</u>
Non-Capital Expenditures								
Common Area Sidewalks-Safety Repair	2012	2030	15	3	14	675 SF	1.50	<u>1,012</u>
Non-Capital Expenditures - Total								<u>\$1,012</u>
Total Asset Summary								<u>\$247,787</u>

APPENDIX

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Report Date October 15, 2015
 Beginning Fiscal Year January 01, 2016
 Account Number OR-1408-0002

Version Number LEVEL 3

Asphalt Sealcoat-Camina Drive (Tract G) - 2017

		6,300 SF	@ \$0.20
Asset ID		Asset Cost	\$1,260.00
Capital Expenditures		Percent Replacement	100%
Private Roads & Alleys		Future Cost	\$1,297.80
Placed in Service	January 2012	Assigned Reserves	\$1,008.00
Useful Life	5		
Replacement Year	2017	Monthly Assessment	\$14.31
Remaining Life	1	Interest Contribution	<u>\$0.10</u>
		Reserve Allocation	\$14.40

This component provides funding for the application of an asphalt sealcoat on Camina Drive. Funding is scheduled to occur every 5 years beginning in 2017.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Sealcoat-Carino Lane (Tract F) - 2017

		17,800 SF	@ \$0.20
Asset ID		Asset Cost	\$3,560.00
	Capital Expenditures	Percent Replacement	100%
	Private Roads & Alleys	Future Cost	\$3,666.80
Placed in Service	January 2012	Assigned Reserves	\$2,848.00
Useful Life	5		
Replacement Year	2017	Monthly Assessment	\$40.42
Remaining Life	1	Interest Contribution	<u>\$0.27</u>
		Reserve Allocation	\$40.70

This component provides funding for the application of an asphalt sealcoat on Carino Lane. Funding is scheduled to occur every 5 years beginning in 2017.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Sealcoat-Lastrada Circle - 2017		48,500 SF	@ \$0.20
Asset ID		Asset Cost	\$9,700.00
Capital Expenditures		Percent Replacement	100%
Private Roads & Alleys		Future Cost	\$9,991.00
Placed in Service	January 2012	Assigned Reserves	\$7,760.00
Useful Life	5		
Replacement Year	2017	Monthly Assessment	\$110.14
Remaining Life	1	Interest Contribution	<u>\$0.74</u>
		Reserve Allocation	\$110.88

This component provides funding for the application of an asphalt sealcoat on Lastrada Circle. Funding is scheduled to occur every 5 years beginning in 2017.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Sealcoat-Parking Area - 2017		7,200 SF	@ \$0.20
Asset ID		Asset Cost	\$1,440.00
Capital Expenditures		Percent Replacement	100%
Private Roads & Alleys		Future Cost	\$1,483.20
Placed in Service	January 2012	Assigned Reserves	\$1,152.00
Useful Life	5		
Replacement Year	2017	Monthly Assessment	\$16.35
Remaining Life	1	Interest Contribution	<u>\$0.11</u>
		Reserve Allocation	\$16.46

This component provides funding for the application of an asphalt sealcoat on the parking area adjacent to West Lastrada Circle. Funding is scheduled to occur every 5 years beginning in 2017.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Sealcoat-Pathway-Tract B - 2017	2,000 SF	@ \$0.20
Asset ID	Asset Cost	\$400.00
Capital Expenditures	Percent Replacement	100%
Private Roads & Alleys	Future Cost	\$412.00
Placed in Service	January 2012	Assigned Reserves
Useful Life	5	\$320.00
Replacement Year	2017	Monthly Assessment
Remaining Life	1	Interest Contribution
		Reserve Allocation
		\$4.54
		<u>\$0.03</u>
		\$4.57

This component provides funding for the application of an asphalt sealcoat on the walking paths in Tract B. Funding is scheduled to occur every 5 years beginning in 2017.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Sealcoat-Pathway-Tract C - 2017	2,300 SF	@ \$0.20
Asset ID	Asset Cost	\$460.00
Capital Expenditures	Percent Replacement	100%
Private Roads & Alleys	Future Cost	\$473.80
Placed in Service	January 2012	Assigned Reserves
Useful Life	5	\$368.00
Replacement Year	2017	Monthly Assessment
Remaining Life	1	Interest Contribution
		Reserve Allocation
		\$5.22
		<u>\$0.04</u>
		\$5.26

This component provides funding for the application of an asphalt sealcoat on the walking paths in Tract C. Funding is scheduled to occur every 5 years beginning in 2017.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Sealcoat-Sorrento Lane (Tract K) - 2017

		9,100 SF	@ \$0.20
Asset ID		Asset Cost	\$1,820.00
	Capital Expenditures	Percent Replacement	100%
	Private Roads & Alleys	Future Cost	\$1,874.60
Placed in Service	January 2012	Assigned Reserves	\$1,456.00
Useful Life	5		
Replacement Year	2017	Monthly Assessment	\$20.67
Remaining Life	1	Interest Contribution	<u>\$0.14</u>
		Reserve Allocation	\$20.80

This component provides funding for the application of an asphalt sealcoat on Sorrento Lane. Funding is scheduled to occur every 5 years beginning in 2017.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Landscape Lighting - 2018		1 Total	@ \$3,500.00
Asset ID		Asset Cost	\$3,500.00
Capital Expenditures		Percent Replacement	100%
Landscaping & Irrigation		Future Cost	\$3,713.15
Placed in Service	January 2006	Assigned Reserves	\$2,916.67
Useful Life	10		
Adjustment	2	Monthly Assessment	\$19.57
Replacement Year	2018	Interest Contribution	<u>\$0.27</u>
Remaining Life	2	Reserve Allocation	\$19.84

This component provides funding for replacement of the in-ground landscape lighting. Funding is scheduled to occur every 10 years beginning in 2018.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Water Feature Pumps - 2018		2 Total	@ \$2,200.00
Asset ID		Asset Cost	\$4,400.00
	Capital Expenditures	Percent Replacement	100%
	Water Features	Future Cost	\$4,667.96
Placed in Service	January 2006	Assigned Reserves	\$3,666.67
Useful Life	10		
Adjustment	2	Monthly Assessment	\$24.60
Replacement Year	2018	Interest Contribution	<u>\$0.33</u>
Remaining Life	2	Reserve Allocation	\$24.94

This component provides funding for replacement of the water feature pumps. Funding is scheduled to occur every 10 years beginning in 2018. Routine maintenance expenses should be included in the annual operating budget.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Common Area Irrigation Controllers - 2021		17 EA	@ \$325.00
Asset ID		Asset Cost	\$5,525.00
Capital Expenditures		Percent Replacement	100%
Landscaping & Irrigation		Future Cost	\$6,404.99
Placed in Service	July 2006	Assigned Reserves	\$3,683.33
Useful Life	15		
Replacement Year	2021	Monthly Assessment	\$26.72
Remaining Life	5	Interest Contribution	<u>\$0.34</u>
		Reserve Allocation	\$27.06

This component provides funding for replacement of the irrigation controllers that serve the common area landscaping. Funding is every 15 years beginning in 2021.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Water Feature Lighting - 2021		7 Ea	@ \$170.00
Asset ID		Asset Cost	\$1,190.00
	Capital Expenditures	Percent Replacement	100%
	Water Features	Future Cost	\$1,379.54
Placed in Service	January 2014	Assigned Reserves	\$340.00
Useful Life	6		
Adjustment	1	Monthly Assessment	\$10.26
Replacement Year	2021	Interest Contribution	<u>\$0.04</u>
Remaining Life	5	Reserve Allocation	\$10.30

This component provides funding for replacement of the water feature lighting. This replacement schedule assumes the lights were replaced in 2014 or 2015.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Irrigation System Upgrade-Park Area - 2024

		1 Total	@ \$2,500.00
Asset ID		Asset Cost	\$2,500.00
Capital Expenditures		Percent Replacement	100%
Landscaping & Irrigation		Future Cost	\$3,166.92
Placed in Service	July 2006	Assigned Reserves	\$1,388.89
Useful Life	20		
Adjustment	-2	Monthly Assessment	\$10.90
Replacement Year	2024	Interest Contribution	<u>\$0.13</u>
Remaining Life	8	Reserve Allocation	<u>\$11.03</u>

This component provides funding for renovation of the landscape irrigation system that waters the landscaping in the park area adjacent to Lastrada Circle. Funding is every 20 years beginning in 2024 and includes replacement valves, boxes and sprinkler heads. Replacement of buried water supply piping is not included in this reserve study.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Landscape Renovation-Park Area - 2024		1 Total	@ \$7,500.00
Asset ID		Asset Cost	\$7,500.00
Capital Expenditures		Percent Replacement	100%
Landscaping & Irrigation		Future Cost	\$9,500.78
Placed in Service	January 2006	Assigned Reserves	\$4,166.67
Useful Life	20		
Adjustment	-2	Monthly Assessment	\$32.70
Replacement Year	2024	Interest Contribution	<u>\$0.38</u>
Remaining Life	8	Reserve Allocation	\$33.08

This component provides funding for renovation of common area landscaping in th park area adjacent to Lastrada Circle. Funding is scheduled to occur every 20 years beginning in 2024. Routine maintenance expenses should be included in the annual operating budget.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Irrigation System Upgrade-Entrances - 2026

		1 Total	@ \$7,500.00
Asset ID		Asset Cost	\$7,500.00
	Capital Expenditures	Percent Replacement	100%
	Landscaping & Irrigation	Future Cost	\$10,079.37
Placed in Service	July 2006	Assigned Reserves	\$3,750.00
Useful Life	20		
Replacement Year	2026	Monthly Assessment	\$31.02
Remaining Life	10	Interest Contribution	<u>\$0.35</u>
		Reserve Allocation	\$31.36

This component provides funding for renovation of the landscape irrigation system that waters the landscaping at the entrance and along McAndrews Road. Funding is every 20 years beginning in 2026 and includes replacement valves, boxes and sprinkler heads. Replacement of buried water supply piping is not included in this reserve study.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Landscape Renovation-East Entrance - 2026

		1 Total	@ \$5,000.00
Asset ID		Asset Cost	\$5,000.00
	Capital Expenditures	Percent Replacement	100%
	Landscaping & Irrigation	Future Cost	\$6,719.58
Placed in Service	January 2006	Assigned Reserves	\$2,500.00
Useful Life	20		
Replacement Year	2026	Monthly Assessment	\$20.68
Remaining Life	10	Interest Contribution	<u>\$0.23</u>
		Reserve Allocation	\$20.91

This component provides funding for renovation of common area landscaping at the east entrance located at McAndrews Road and Veneto Circle. Funding is scheduled to occur every 20 years beginning in 2026. Routine maintenance expenses should be included in the annual operating budget.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Landscape Renovation-North Entrance - 2026

		1 Total	@ \$5,000.00
Asset ID		Asset Cost	\$5,000.00
	Capital Expenditures	Percent Replacement	100%
	Landscaping & Irrigation	Future Cost	\$6,719.58
Placed in Service	January 2006	Assigned Reserves	\$2,500.00
Useful Life	20		
Replacement Year	2026	Monthly Assessment	\$20.68
Remaining Life	10	Interest Contribution	<u>\$0.23</u>
		Reserve Allocation	\$20.91

This component provides funding for renovation of common area landscaping at the north entrance located at McAndrews Road and Sorrento Lane. Funding is scheduled to occur every 20 years beginning in 2026. Routine maintenance expenses should be included in the annual operating budget.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Landscape Renovation-West Entrance - 2026

		1 Total	@ \$5,000.00
Asset ID		Asset Cost	\$5,000.00
	Capital Expenditures	Percent Replacement	100%
	Landscaping & Irrigation	Future Cost	\$6,719.58
Placed in Service	January 2006	Assigned Reserves	\$2,500.00
Useful Life	20		
Replacement Year	2026	Monthly Assessment	\$20.68
Remaining Life	10	Interest Contribution	<u>\$0.23</u>
		Reserve Allocation	\$20.91

This component provides funding for renovation of common area landscaping at the west entrance located at McAndrews Road and Lastrada Circle. Funding is scheduled to occur every 20 years beginning in 2026. Routine maintenance expenses should be included in the annual operating budget.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Common Area Sidewalks-Safety Repair - 2030

		675 SF	@ \$1.50
Asset ID		Asset Cost	\$1,012.50
Non-Capital Expenditures		Percent Replacement	100%
Concrete Pavement		Future Cost	\$1,531.50
Placed in Service	January 2012	Assigned Reserves	\$225.00
Useful Life	15		
Adjustment	3	Monthly Assessment	\$4.58
Replacement Year	2030	Interest Contribution	<u>\$0.02</u>
Remaining Life	14	Reserve Allocation	\$4.60

This component provides funding for repair of the common area sidewalks that extends around the front of the retention pond. Funding is scheduled to occur every 15 years beginning in 2030.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Cluster Mailboxes - 2032		8 EA	@ \$1,650.00
Asset ID		Asset Cost	\$13,200.00
	Capital Expenditures	Percent Replacement	100%
	Mailboxes & Signage	Future Cost	\$21,182.12
Placed in Service	January 2006	Assigned Reserves	\$1,311.27
Useful Life	25		
Adjustment	1	Monthly Assessment	\$60.99
Replacement Year	2032	Interest Contribution	<u>\$0.15</u>
Remaining Life	16	Reserve Allocation	\$61.13

This component provides funding for replacement of the pedestal-mounted cluster mailbox. Funding is scheduled to occur every 25 years beginning in 2032.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Signs-Replacement Allowance - 2032		1 Total	@ \$700.00
Asset ID		Asset Cost	\$700.00
	Capital Expenditures	Percent Replacement	100%
	Mailboxes & Signage	Future Cost	\$1,123.29
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2032	Monthly Assessment	\$3.45
Remaining Life	16	Interest Contribution	_____
		Reserve Allocation	\$3.45

This component provides funding for replacement of common area signage. The sign inventory includes one Stop sign; one No parking sign and one informational sign that is mounted to the fence surrounding the retention pond. Funding is scheduled to occur every 20 years beginning in 2032.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Overlay-Camina Drive (Tract G) - 2037

		6,300 SF	@ \$1.35
Asset ID		Asset Cost	\$8,505.00
	Capital Expenditures	Percent Replacement	100%
	Private Roads & Alleys	Future Cost	\$15,821.80
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2037	Monthly Assessment	\$36.94
Remaining Life	21	Interest Contribution	<u>\$0.02</u>
		Reserve Allocation	\$36.96

This component provides funding for the application of an asphalt overlay on Camina Drive. Funding is scheduled to occur every 25 years beginning in 2037.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Overlay-Carino Lane (Tract F) - 2037

		17,800 SF	@ \$1.35
Asset ID		Asset Cost	\$24,030.00
	Capital Expenditures	Percent Replacement	100%
	Private Roads & Alleys	Future Cost	\$44,702.88
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2037	Monthly Assessment	\$104.37
Remaining Life	21	Interest Contribution	<u>\$0.06</u>
		Reserve Allocation	\$104.43

This component provides funding for the application of an asphalt overlay on Carino Lane. Funding is scheduled to occur every 25 years beginning in 2037.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Overlay-Lastrada Circle - 2037		48,500 SF	@ \$1.35
Asset ID		Asset Cost	\$65,475.00
Capital Expenditures		Percent Replacement	100%
Private Roads & Alleys		Future Cost	\$121,802.79
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2037	Monthly Assessment	\$284.39
Remaining Life	21	Interest Contribution	<u>\$0.16</u>
		Reserve Allocation	\$284.55

This component provides funding for the application of an asphalt overlay on Lastrada Circle. Funding is scheduled to occur every 25 years beginning in 2037.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Overlay-Parking Area - 2037		7,200 SF	@ \$1.35
Asset ID		Asset Cost	\$9,720.00
Capital Expenditures		Percent Replacement	100%
Private Roads & Alleys		Future Cost	\$18,082.06
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2037	Monthly Assessment	\$42.22
Remaining Life	21	Interest Contribution	<u>\$0.02</u>
		Reserve Allocation	\$42.24

This component provides funding for the application of an asphalt overlay on the parking area adjacent to West Lastrada Circle. Funding is scheduled to occur every 25 years beginning in 2037.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Overlay-Pathway-Tract B - 2037	2,000 SF	@ \$1.35
Asset ID	Asset Cost	\$2,700.00
Capital Expenditures	Percent Replacement	100%
Private Roads & Alleys	Future Cost	\$5,022.79
Placed in Service	January 2012	Assigned Reserves
Useful Life	25	<i>none</i>
Replacement Year	2037	Monthly Assessment
Remaining Life	21	Interest Contribution
	Reserve Allocation	<u>\$11.73</u>

This component provides funding for the application of an asphalt overlay on the walking path in Tract B. Funding is scheduled to occur every 25 years beginning in 2037.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Overlay-Pathway-Tract C - 2037		2,300 SF	@ \$1.35
Asset ID		Asset Cost	\$3,105.00
Capital Expenditures		Percent Replacement	100%
Private Roads & Alleys		Future Cost	\$5,776.21
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	25		
Replacement Year	2037	Monthly Assessment	\$13.49
Remaining Life	21	Interest Contribution	_____
		Reserve Allocation	\$13.49

This component provides funding for the application of an asphalt overlay on the walking path in Tract C. Funding is scheduled to occur every 25 years beginning in 2037.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Asphalt Overlay-Sorrento Lane (Tract K) - 2037

		9,100 SF	@ \$1.35
Asset ID	Capital Expenditures	Asset Cost	\$12,285.00
	Private Roads & Alleys	Percent Replacement	100%
Placed in Service	January 2012	Future Cost	\$22,853.72
Useful Life	25	Assigned Reserves	<i>none</i>
Replacement Year	2037	Monthly Assessment	\$53.36
Remaining Life	21	Interest Contribution	<u>\$0.03</u>
		Reserve Allocation	\$53.39

This component provides funding for the application of an asphalt overlay on Sorrento Lane. Funding is scheduled to occur every 25 years beginning in 2037.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Chain Link Fencing-Tract B & C - 2042	2,950 LF	@ \$14.00
Asset ID	Asset Cost	\$41,300.00
Capital Expenditures	Percent Replacement	100%
Fencing & Site Walls	Future Cost	\$89,067.22
Placed in Service	January 2012	Assigned Reserves
Useful Life	30	<i>none</i>
Replacement Year	2042	Monthly Assessment
Remaining Life	26	Interest Contribution
		<u>\$0.10</u>
		Reserve Allocation
		\$167.62

This component provides funding for replacement of the vinyl-coated chain link fencing that surrounds the retention pond. Funding is scheduled to occur every 30 years beginning in 2042.

**Bella Vista Homes Homeowner's Association
Component Detail Reports**

Detail Report Summary

Total of All Assets

Assigned Reserves	\$43,860.49
Monthly Contribution	\$1,212.50
Monthly Interest	\$4.53
Monthly Allocation	\$1,217.03

Contingency at 3.00%

Assigned Reserves	\$1,356.51
Monthly Contribution	\$37.50
Monthly Interest	\$0.14
Monthly Allocation	\$37.64

Grand Total

Assigned Reserves	\$45,217.00
Monthly Contribution	\$1,250.00
Monthly Interest	\$4.67
Monthly Allocation	\$1,254.67

**Bella Vista Homes Homeowner's Association
Glossary**

Abbreviations

BTU – British thermal unit

CFM – Cubic feet per minute

CY – Cubic yard

EA – Each

GPM – Gallons per minute

LBS – Pounds

LF – Lineal foot

MBH – Thousand BTUs per hour

NCE – National Construction Estimator CostBooks® construction cost estimating database

RSM – RS Means CostWorks® construction cost estimating database

SF – Square foot

SQ – 100 square feet (commonly used unit of measure for roofing)

SY – Square yard

TSF – Total square feet

YR – Year

Definition of Key Reserve Study Terms

Accumulated Reserves – The total dollar amount available for reserve expenditures as of the first day of the current fiscal year. This amount is assumed to be earning interest at the rate indicated in the *Financial Parameters* section of the report. Hence accumulated reserves should only include cash on hand and cash equivalents in the form of interest bearing receivables. The accumulated reserve balance may or may not include the reserve contribution for the current fiscal year at the discretion of management.

Capital Expense – For the purposes of this reserve funding analysis The AICPA definition of capital expense shall apply, as follows: *Funds expended for improvements, or major repairs or replacements or improvements of property components that extend their useful lives or service periods.*

Cash Flow Funding Method – Cash flow funding is a reserve funding approach which is designed only to generate sufficient annual cash flow to meet the funding obligations for the current fiscal year as established by the reserve funding study. Cash flow funding assumes an uninterrupted incoming cash flow and interest earnings

Bella Vista Homes Homeowner's Association
Glossary

consistent with the schedule set forth in the reserve funding analysis. Cash flow funding parameters may be set to include the reserve fund contribution scheduled for the current fiscal year, at the discretion of management; making this money available for spending during the current reporting period.

The *Cash Flow Funding Method* allocates accumulated reserves according to the chronological urgency of the expense rather than amortizing the expense over the service life of the component and allocating the accumulated reserves based on the remaining life expectancy of each component.

Assuming the cost and frequency of reserve expenditures does not deviate from the schedule set forth in the reserve funding study; the reserve fund will always contain enough money to meet the funding obligations established in the study.

Cash Flow Funding makes use of two primary funding models; *Current Assessment Funding* and *Threshold Funding*, both of which are described below.

Common Area Components - Common area components refers to assets commonly owned and used by all association members and will be maintained, repaired and replaced at the association's expense.

Component – In the context of a reserve study a component is an expenditure which is scheduled to be paid for with accumulated reserves. In the case of a capital reserve funding study all components included in the funding schedule are of a capital nature. All components identified in this reserve study are considered to have a generally accepted finite life expectancy of thirty years or less.

The replacement cost of components included in a reserve funding schedule will generally be set at a minimum dollar amount by mutual agreement of the parties to the reserve study. A typical minimum dollar amount for a small association is \$1,000.00.

Component Funding – Component Funding is a funding method which allocates reserves to each component based on the projected replacement cost and remaining life expectancy as of the beginning date of the current fiscal reporting period. The projected replacement cost is then amortized over the remaining life expectancy of the component and the accumulated reserves are allocated by dividing the future replacement cost by the number of years remaining until replacement is scheduled to occur.

When using the *Component Funding Method* to generate the annual reserve contribution schedule the accumulated reserves must equal the amount of money represented by the cumulative loss in value of all reserve fund components as of the first day of the current fiscal year in order for the reserve fund to be 100% funded.

In this context a *Component Funding Projection* which is 100% funded will track the combined rate of depreciation of the reserve components, when depreciation is based on the *projected* replacement cost rather than the original acquisition cost of the component.

Component Funding utilizes a different math model from that which is used to calculate Cash Flow Funding Projections and is therefore considered an alternative reserve funding methodology to Cash Flow Funding. Component Funding is typically utilized when the goal is to generate annual reserve contributions which offset the loss in value associated with the depreciation of the components which are the subject of the funding analysis.

Bella Vista Homes Homeowner's Association
Glossary

Component Inventory – A list of all components included in the replacement reserve funding schedule.

Condition Assessment – A physical inspection of the subject property for the purpose of establishing the component inventory and the current physical condition of the components which are the subject of the study.

Current Assessment Funding Model - Current Assessment Funding is a cash flow funding method which begins with a first year reserve contribution equal to the current annual reserve contribution which has been scheduled by the Association or an amount specified by the Board of Directors.

Current Assessment Funding does not automatically maintain a minimum balance in the reserve fund. Unless the specified contribution is increased or decreased by the Reserve Analyst in order to maintain a specific minimum balance, the year-end reserve fund balance could end up in the negative. If the first year contribution is insufficient to prevent a negative year end balance during the 30 year funding projection, the annual contribution must be increased in future years to prevent a negative fund balance from occurring.

Current Assessment Funding is often used when an association has already approved the annual reserve contribution for the upcoming fiscal year; or when the BOD has determined the reserve contribution required under an alternative funding projection represents an unrealistic funding goal for the Association.

Reserves accumulated under a Current Assessment Funding Model Projection are pooled. Pooling of reserves refers to the fact that all funds are maintained in one fund and are allocated based on the annual cash flow required to meet the reserve funding obligations of the Association.

Effective Age – The difference between useful life and remaining useful life of a component. Not always equivalent to the chronological age of the component; due to the tendency for similar components to age at differing rates because of unique characteristics of the individual components.

Expected Useful Life (EUL) - The generally accepted life expectancy of a component from the time it is placed into service as a new component until the time when major repair or replacement expenditure is required in order to maintain the quality, performance and usefulness of the component.

Financial Analysis – The section of the reserve study which analyzes the current and future financial implications of the reserve funding obligations presented in the study. The *current analysis* provides information regarding the current reserve fund status as of the first day of the current reporting period. The *future analysis* discusses the financial obligations implied by the reserve study based on the future component expenditures and replacement schedules set forth in the study.

Fully Funded Balance – The term *Fully Funded* means that the amount of money allocated to pay for each funded reserve expense is equal to the amount derived when using the following formula:

$$\text{Fully Funded} = \text{PV} \times \text{CA} / \text{EUL}$$

Where PV = present value; CA = current age; and EUL = expected useful life.

The Full Funded balance is the cumulative amount required to achieve Full Funding for all of the components included in the replacement reserve funding schedule.

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Glossary

The *present value* is always the future replacement cost adjusted for inflation as of the beginning date of the current reserve study. This concept is explained in more detail under the definition of *Percent Funded*.

It is important to note that full funding does not mean that 100% of the projected replacement cost is available to pay for the expense in question at any particular point in time. Rather it means the current funding schedule is on track to generate the amount of money projected to pay for the expense in the year when the expenditure is scheduled to occur; when the projected replacement cost is amortized *equally* each year over the remaining life expectancy of the component in question. The only year when the *Fully Funded* amount and the replacement cost will be the same is in the year when replacement is scheduled to occur.

Funding Projection – A schedule which projects the annual reserve funding contributions required to meet the reserve funding obligations set forth in the reserve study. The reserve funding projection always begins with the first day of the current fiscal reporting period and always ends on the last day of the fiscal year in which the reserve funding projection is scheduled to end.

The funding projection may be calculated for any period of time ranging from one to one hundred years. The reserve funding projections contained in most studies encompass a period of thirty years.

Financial Analysis – The section of the reserve funding study which analyzes the current and future financial implications of the reserve funding obligations presented in the study. The *current analysis* provides information regarding the current reserve fund status as of the first day of the current reporting period. The *future analysis* discusses the financial obligations implied by the reserve funding study based on the future component expenditures and replacement schedules set forth in the study.

Funding Velocity – Funding Velocity is a dynamic value utilized when Component Funding is used to generate the annual reserve funding projection. The Funding Velocity controls the percent funded level and determines how quickly the reserve fund will reach fully funded status; with 100% used as a baseline. If a Funding Velocity greater than 100% is required to achieve a Fully Funded reserve fund balance, the current funding levels would be considered low. If a Funding Velocity less than 100% is sufficient to accomplish full funding of the reserve account then the current funding levels are considered strong. The degree to which the Funding Velocity deviates from 100% is considered a relative measurement of the strength of an association's reserve funding plan.

Percent Funded Level - The percent funded level measures the relationship between the accumulated reserves and amount of money required to achieve a Fully Funded reserve account at a given point in time. When the reserve account is Fully Funded the percent funded level is 100%. Therefore, if 100% represents a Fully Funded level of reserves, then a reserve fund which is 60% funded would contain actual cash reserves equal to 60% of the amount necessary to be 100% funded.

The formula for calculating the amount required to achieve Full Funding is expressed as:

$$\text{Fully Funded} = \text{PV} \times \text{CA} / \text{EUL}.$$

Where PV = present value; CA = current age; and EUL = expected useful life.

Hence the Fully Funded calculation for a component with a current age of 3 years, a present value of \$10,000

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and an expected useful life of 10 years would be:

$$\$10,000 \times 3 / 10 = \$3,000.00.$$

Therefore the total amount of money required to be Fully Funded as of the first day of the current funding cycle would be \$3,000.00.

To calculate the percent funded level for a reserve fund containing more than one component expenditure this calculation is performed for each component and the sum total is the amount required to achieve Full Funding. When the accumulated reserves are less than the amount required to achieve Full Funding, the percent funded level will be expressed as a figure less than 100%.

Physical Analysis – The *physical analysis* includes four elements: development of the component inventory; performing the condition assessment; determining the remaining useful life of the components and preparing a replacement cost analysis. The information obtained while conducting the physical analysis is largely what drives the reserve funding schedule established in the reserve funding study.

Remaining Useful Life (RUL) - The remaining life expectancy for common area components in service prior to the date the analysis was performed and therefore can not be expected to have a remaining service life equal to that of a new component.

Replacement Reserves - Replacement reserves are funds collected from association members that will be used to pay for repair and replacement of common area components according to the repair and replacement schedules contained in the reserve study. These funds should be held in a separate account and not co-mingled with operating funds.

Statutory Funding – Funding of the reserve account in an amount required by local or state statutes which may govern the association’s financial practices.

Threshold Funding Method - This funding approach establishes a minimum balance for the association’s reserve account and creates a funding projection which results in the fund balance never dropping below the predetermined minimum balance.

While this results in lower reserve assessments for association members it will also result in under-funding if major component expenditures are required prior to the year the expense is scheduled to occur. This situation could require a special assessment to maintain the minimum fund balance and keep the remaining reserve funding schedule in line with projections.

When Threshold Funding is employed it is imperative the reserve study be updated annually to ensure accurate component replacement costs and timing of replacement expenditures.

Transition Inspection – The inspection of association property at or near the time period when control of the Board of Directors passes from the developer to a board comprised of unit owners other than the original declarant. The transition inspection is an extremely important process which should be undertaken by a qualified architect or engineer to ensure the interests of the community are best served.

The statute of limitations concerning construction defects varies from one jurisdiction to another. The

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association's right to legal recourse for defective products and installations may be compromised if they fail to document the current condition of their property during this transitional period. In addition, warranties in effect could be impacted by the failure to perform timely inspections of components under warranty.

Building technology professionals, who are experienced in the inspection process and the preparation of a written narrative of their findings, should be retained to perform such an inspection. Reserve studies prepared prior to this time should be updated in conjunction with the completion of a transition inspection.

Bella Vista Homes Homeowner's Association Reserve Study Updates

1. Annual Updates: Oregon law requires all homeowners associations and condominiums created after October 1999 to conduct a reserve study and to update their existing reserve study each year. Failure to update the reserve study will result in an underfunded reserve account if an association relies on information contained in an outdated reserve study as the basis for its reserve funding plan.

The annual update does not necessarily require a physical inspection. The need for a physical inspection of the property will depend on the age, complexity and current condition of the common area components which are the subject of the reserve study. The annual update must include a review of the funding parameters, component replacement costs and verification of the current reserve fund balance as of the beginning date of the updated reserve funding projection.

2. Level 2 Reserve Study Update: A Level 2 reserve study update is an update of an existing reserve study which does include a physical assessment of the common area components. Most industry experts, and the majority of states which *do* require reserve studies for common interest developments, recommend that a Level 2 update be performed every three (3) years.

3. CRC Update Requirements: CRC requires that all of its clients update their reserve study each year and that Level 2 updates be performed at least once every five (5) years, or as may be required by state law. If an association who has engaged CRC to prepare a reserve study chooses not to update the reserve study in any year after the study is initially published, CRC will not update the reserve study in future years but will instead require that a new reserve study be performed. In states with statutory requirements for reserve study updates CRC requires that all of its clients update their reserve study in accordance with the requirements of the statute in order to be eligible for updates in future years.

Bella Vista Homes Homeowner's Association Reserve Funding Parameters & Assumptions

1. Parameters: This reserve study was prepared using information provided by the Association and its representatives. Any such information is assumed to be true for the purposes of this reserve study. Representations of fact are assumed to be true and made in good faith by all parties associated with the development of this study.

Opinions and conclusions stated herein are based solely on the representations made in the information described in the previous paragraph. Capital Reserve Consultants, LLC (CRC) reserves the right to conduct a field evaluation of the property subsequent to completion of construction to verify as-built conditions. Changes made to this reserve study as a result of such an inspection are at the sole discretion of CRC.

Inflation: Replacement reserve funds will be accumulated by the Association based on the estimated *current* replacement cost of General and Limited Common Elements; which are the responsibility of the Association to repair and replace. Replacement costs for expenses which are scheduled to occur in all future years are adjusted for inflation based on the average annual inflation rate over the last fifty years, based on information published by inflationdata.com.

The inflation rate established in this reserve study is **3.0%**.

The replacement cost figures presented in this reserve study are intended to be used for long range capital planning and budgeting purposes. The amounts should not be assumed to be correct with respect to *actual* replacement costs which may be incurred at the time replacement is required. Actual repair and replacement costs may vary from the amounts scheduled in this reserve study due to factors which cannot be predicted in advance.

This reserve study should be updated annually to allow for revisions to the replacement cost estimates, should they be warranted. If additional replacement funds are required, beyond the amounts suggested in this study, the association reserves the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay repairs or replacement of components until funds are available.

Interest Earnings: Investment income and income tax levels may affect reserve funding levels. The funding parameters established for this reserve study assume all reserve funds will be held in FDIC insured interest-bearing accounts.

Interest earnings of **.15%** are assumed in this reserve study.

Income Taxes: This funding analysis assumes the Association will file IRS Form 1120-H which will result in an income tax rate on interest earnings of **30%**.

Reserve Fund Contingency: A reserve fund contingency of **3%** has been established for this reserve study. The contingency funding is available as of the first day of the budget year and may be used to pay for reserve expenditures which exceed the amount budgeted in the reserve study, or to pay for expenses which are not scheduled to occur until future years. The contingency funds should *not* be used to pay for expenses other than those identified in the reserve study as reserve fund expenditures.

Assuming a beginning reserve fund balance of **\$45,217.00** and reserve fund contingency of **3%**, the available contingency funds available as of **January 1, 2016** will be: **\$1,356.00**.

2. Methodology: The authors of this reserve study have attempted to maintain an equitable approach to developing the replacement reserve funding schedule for the Association by establishing reasonable expectations for the expected useful life and replacement schedule of common area components.

Bella Vista Homes Homeowner's Association Reserve Funding Parameters & Assumptions

The goal of a fair and equitable funding plan is deemed to be in the interest of current unit owners by not over funding the reserve account while at the same time ensuring, in later years, the owners will have adequate replacement reserves to meet the repair and replacement needs of the association. The result of such an approach will, by necessity, require certain assumptions to be made regarding the lifespan and replacement requirements of certain components.

Replacement funds for certain components may be accumulated based on the theory that partial replacement will be satisfactory to restore the component to an acceptable condition. Partial replacement funding is expressed as a percentage of the total replacement cost. Components which are scheduled for 100% replacement assume complete replacement of the component will be required.

In some instances, replacement funding may be scheduled to occur over a successive period of years, if it is reasonable to assume the work in question may actually be performed over a period of years. Hence, if it is reasonable to assume exterior painting may be scheduled over a four year period, the painting expenditures may be scheduled to occur 25% per year over the four year timeframe.

The Association may wish to review this approach at some point and should it be determined partial replacement reserve funding is not satisfactory, this reserve study should be updated to reflect the additional funding required for complete replacement of all components in the scheduled year of replacement.

This reserve study assumes any product or service warranties for common area components will be maintained through the efforts of the association and all specialty trade work will be performed by qualified, duly licensed personnel.

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